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FINANCIAL TIMES

No. 27,694 Saturday October 21 1978 ** 15p

LONGINES
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GENERAL

Hospital deaths plea by Ennals

Patients had died as a result of industrial action by hospital works supervisors. Mr. David Ennals, Social Services Secretary, said last night: "For God's sake, go back." He urged unions.

The talks have now broken down for the fourth time since he began a month ago.

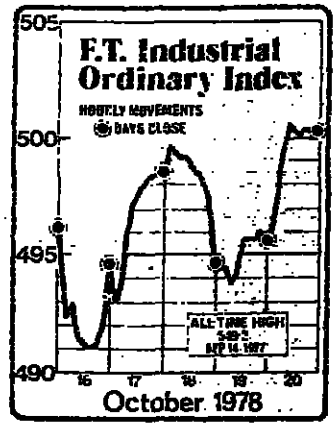
In his latest appeal for a return to normal working, Mr. Ennals emphasised that the management and Government would give in to a pay demand which, he said, would upset differentials between supervisors and their senior officers.

The unions accused Mr. Ennals of "creating a 'blackmailing' atmosphere" and of "blackmailing" members in asking them to return to work because patients were dying. Page 3

BUSINESS

Steepest week's fall on Wall St.

WALL STREET suffered its worst ever weekly loss after closing 8.40 down at \$38.01. Total decline over five sessions was \$9.08 points. Falls surpassed rise of 1.531 to 142 in a trading volume of 42.8m shares. Page 4 and Lex.



Widest peace draft revised

The U.S. has submitted a revised draft of a peace treaty between Egypt and Israel, said Mr. George Shultz, spokesman for the U.S. in the two countries.

He would not say whether the location of the occupied West Bank and Gaza Strip was covered in the revised draft.

Israeli Foreign Minister Moshe Dayan told Israeli television last night that he and Defence Minister Weizman would fly from Washington for consultations with other members of the Israeli Government. They would return to Washington to continue the talks in two or three days. Page 2

Leath rift

The rift between Mr. Edward Heath and the Tory party deepened into a major row last night as Conservative MPs attacked his recent speeches on wages policy.

Mr. George Gardiner accused Mr. Heath of "living in cloud cuckoo land" while Mrs. Jill Knight said she was incensed at his speech to Chelsea Conservatives on Thursday night.

Namibia decision

He body elected in Namibia's forthcoming internal elections will have the final say on whether there is to be a UN-supervised election in the territory, senior African officials said yesterday. Page 2

Ranker praise

The pollution threat from the seized Greek tanker *Christos* may be over today, Mr. George King, managing director of F&P Tankers, said yesterday. He raised the operation to save the ship and prevent pollution as "an enormous human achievement."

Libel damages

Businessman Clive Russell was awarded £50,000 in libel damages for the Bank of America International Trust and Savings Association had returned to assess four cheques marked "Account Closed."

Column scaled

Two men scaled Nelson's Column at Trafalgar Square yesterday. At the end of their 184-foot climb, they unfurled a banner protesting at British involvement in South Africa.

Briefly...

Account Blakenham, former Conservative Party chairman, was comfortable in Charing Cross hospital last night.

A postman was hurt 25 after falling stairs and had held second delivery mail until the next day.

Anna Minoff, daughter of the late Prime Minister, was fined £100 for throwing dung in the House of Commons.

Mrs. Thatcher, the Tory leader, in Madrid for the inaugural congress of the Union of the Democratic Centre. Page 2

CHIEF PRICE CHANGES YESTERDAY
Prices in pence unless otherwise indicated.

RISES		
Alcolec 12pc '81-1024	102	104
Alcolec 12pc '89-02-2851	285	287
Alcolec and Wilcox 161	161	162
Alcolec (S. and W.) 161	161	162
Alcolec (G.) 274	274	275
Alcolec McColl 294	294	295
Alcolec 56	56	57
Alcolec 45	45	46
Alcolec 195	195	196
Alcolec 104	104	105
Alcolec (R.) 231	231	232
Alcolec 321	321	322
Alcolec 352	352	353
Alcolec 248	248	249
Alcolec 38	38	39
Alcolec 35	35	36
Alcolec 74	74	75
Alcolec 221	221	222
Alcolec 118	118	119
FALLS		
Avon Rubber 178	178	177
Common Bros 153	153	152
Helical Bar 26	26	25
Midland Educational 245	245	244
Peters Stores 47	47	46
Style Shoes 330	330	329
Anglo Oil 380	380	379
Northgate Expor 380	380	379
Westfield Minerals 140	140	139

Nkomo vows revenge for raids over border

Rhodesians agree on basis for all-party talks

BY JUREK MARTIN, U.S. EDITOR, WASHINGTON, Oct. 20

Mr. Ian Smith and the three black members of the Rhodesian Executive Council agreed today to attend an all-party conference to determine the future of the country.

A meeting at the State Department today with British and American officials produced a five-point discussion framework for a ceasefire; formation of a transitional Government; creation of new armed forces; and principles to be embraced in a constitution.

This blueprint, in the view of the two major powers, does not invalidate implementation of the Anglo-American plan for a Rhodesian settlement.

There was considerable doubt here on whether a conference could be convened in the wake of the latest Rhodesian raids on guerrilla bases in Zambia and Mozambique.

Mr. Joshua Nkomo, one of the leaders of the Patriotic Front, was reported from Lusaka to have dismissed out of hand the possibility of an all-party conference, and the State Department spokesman acknowledged that the attitude of the Patriotic Front would be critical in deciding whether one could be held.

The spokesman noted that the principals in Rhodesia had often shifted positions in the past. Mr. Smith's conversion to the idea of such a conference is seen here as one example of this.

The five-point discussion plan accepted by Mr. Smith, Bishop Abel Muzorewa, Chief Chirau and the Rev. Ndabaningi Sithole is provisions for holding of free and fair elections; a ceasefire; formation of a transitional Government; creation of new armed forces; and principles to be embraced in a constitution.

Earlier Mr. Smith, the first to announce the agreement, said that "it seems as though our message has now got through that we are prepared to go to an all-party conference."

Bishop Muzorewa, distinctly cool to the notion in comments this week while in Washington, said that the prospects had been improved by today's discussions. But the recent Rhodesian raids hung heavily over the deliberations. The U.S. yesterday publicly denounced the incursions, and reportedly repeated its objections at today's talks.

But both Mr. Smith and Bishop Muzorewa were unrepentant, ignoring reports of civilian casualties, claiming that at least two dozen Cuban advisers were killed by the attack on the Zambian bases, and accusing Mr. Nkomo of refusing to disclose this fact.

Plan to scrap road tax and raise petrol duty

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE GOVERNMENT is planning to phase out the 250 annual road tax for cars and vans below 30 horsepower.

The move will mean the loss of 2,000 jobs and probably lead to the price of petrol being increased by 19p a gallon. Commercial vehicles are not affected. Steps will be taken to consult industry and the public about the change shortly after the Queen's speech.

A Cabinet committee has already accepted the proposal, which has the support of the Prime Minister. The Treasury and the Department of Industry appear to have accepted defeat on the issue, which has been the cause of Whitehall's longest-running inter-departmental battles.

Successful transport and Environment Ministers have sought to get rid of the road tax in favour of a tax on fuel. But Mr. Peter Shore and Mr. Anthony Crosland were both defeated by the combined forces of the Industry Department and the Treasury.

Industry's worry is that any change tending to favour smaller, more economical cars will expose British car manufacturers to foreign competition to an even greater degree. Of the small cars on the market in Britain, only the BL Mini is purely British-built.

The Treasury's anxiety is that a single uncompleted tax device is being surrendered in favour of one subject to the ups and downs of consumer demand.

The present plan, as advanced by Mr. William Rodgers, the Transport Secretary, is to introduce a "slightly cumbersome" Group Road tax which would be cut step by step to a point at which registration would be required only in the interests of maintaining records.

The gradual approach also has the merit of softening the employment problem by allowing natural wastage to take effect. About 500 people are expected to lose their jobs at the Driver and Vehicle Licensing Centre in Swansea and another 1,300 at regional centres.

The merits of the plan in the Department of Transport's view are that it will tend to reduce fuel consumption, remove an unnecessary layer of bureaucracy and deal with road tax evaders, who the department believes are costing the Treasury between £50m and £70m a year.

Loading vehicle taxation on to petrol will probably favour the private motorist, whose annual mileage averages less than 10,000 miles.

This year, revenue from road tax is expected to be £1,120m, compared with petrol tax revenue of £800m.

It is not yet clear how the changes will come about, but as the first stage will simply vary the levels of existing taxes, it would presumably form part of a Budget statement.

Costain dividend control move

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

RICHARD COSTAIN, the international construction group, plans a complicated company reconstruction which will win it two years freedom from dividend controls.

Richard Costain (RCL) proposes to form a central holding company, Costain Group Limited, to acquire all the ordinary shares of RCL. Ordinary shareholders of RCL will be offered four ordinary and one deferred share in the new company. The few RCL Preference shareholders will be bought out for cash — 70p per share.

A Preference stock and 64p per share will be offered to the RCL shareholders in the new company. The Treasury has agreed to treat the proposed holding group as a new company, with two years' freedom from dividend control. Otherwise, existing shareholders' rights and underlying net assets of their effect on the structure of RCL's shares remain unchanged.

News of the reorganisation has been greeted with close interest by the City. Mr. John Sowden, Costain's chairman, said that the reorganisation was intended to unscramble a share and management structure that had become "slightly cumbersome." Group turnover has grown from £88m in 1970 to £432m in 1977, and in that time the group's overseas business has grown from 40 per cent to 67 per cent of the total work load.

Mr. Sowden and the group's advisers, Lazard Brothers, believed that the proposed holding company would be more in tune with the new shape of the group than the existing structure.

Mr. Sowden said it would be a "slightly cumbersome" move, but the reorganisation had many underlying net assets of their effect on the structure of RCL's operating subsidiaries. Although the reorganisation was seen primarily as a management change, its form "is not unneeded" with the dividend relaxation. "At just 10 per cent a year it would have taken 14 years to get to a reasonable dividend."

RCL has no plans to follow John Laidlaw in floating off any of its property or building subsidiaries. But Mr. Sowden does say that, although he does not take it too seriously, at the back of his mind is the nationalisation threat and about ways of isolating areas of the business threatened.

Shareholders will be asked to approve the scheme at a meeting on November 23 and if approved, it would become effective on January 2, next.

Dividend forecast Page 16
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Weak dollar boosts pound to \$2

BY MICHAEL BLANDEN

The dollar fell sharply against other leading currencies yesterday in a further burst of speculative selling, and the pound closed at above \$2 for the first time since March 1975.

The pressure on the dollar has been maintained through the past week in spite of substantial official support and the apparently favourable news last week-end.

This included President Carter's success in getting his delayed Energy Bill through Congress and the revaluation of the West German Mark within the European snake joint floating arrangement.

The market has remained concerned over the U.S. balance of payments and inflation. The pressures were increased yesterday by unusually heavy Friday trading on the European foreign exchange markets.

Attention was again concentrated on the D-Mark, which rose sharply to a new peak against the dollar and took other snake member currencies with it. The D-Mark also showed gains against other leading currencies.

The dollar's weakness was reflected in its trade-weighted average depreciation as measured by Morgan Guaranty at noon in New York. This widened to a record 11.2 per cent compared with 10.8 per cent on the previous day and 10.2 per cent a week earlier.

The dollar dropped sharply against the D-Mark to a new closing low of DM1.5075 in London, compared with DM1.5150 on Thursday. It lost ground against the Swiss franc at Sfr1.5175 against Sfr1.53 and the Japanese yen at Y118.5 against Y118.5.

The pound rose against the dollar, touching a high point of \$2.006, it closed in London at \$2.0015 for a gain of 70 points, the first time it has finished trading above the \$2 level since its sharp decline early in 1976.

Sterling lost ground against other currencies, however, falling by over 4 pence against the D-Mark to DM3.62. Its trade-weighted index against a basket of currencies slipped to 61.9, its lowest since mid-July, against 62.1 on the previous day.

The gold price recovered after Thursday's fall, closing with a gain of \$11 at \$228.1.

U.S. growth and inflation rates down

BY JUREK MARTIN WASHINGTON, Oct. 20.

THE U.S. ECONOMY grew at an annual rate of 3.4 per cent in the third quarter, according to preliminary estimates released this morning by the Commerce Department.

Although this is a sharp drop from the 8.7 per cent advance recorded in the second quarter, it is almost precisely what the Carter Administration predicted and constitutes the sort of modest growth the U.S. economy needs.

The rate of inflation also fell appreciably in the third quarter to an annual rate of 7.1 per cent, compared with 10.8 per cent in the previous three months.

Although encouraging, this is not going to obviate the need for additional anti-inflationary measures. These are due to be unveiled early next week, probably on Tuesday, in a nationwide television address by President Carter.

Pressure

From a domestic standpoint, growth at this rate is considered sufficient to prevent unemployment, currently at 6 per cent, from shooting up again.

The Administration has had considerable success in cutting the jobless rate during the last two years, in spite of historically substantial increases in the labour force, but it remains axiomatic that growth is unemployment in the months ahead would bring renewed political pressure on the Administration for stimulative policies as a time when it is more intent on controlling inflation.

The third quarter GNP figures nevertheless contained items which the more pessimistic economists will construe as evidence that the U.S. is running the risk of a recession next year.

Muscle

Yesterday, the President gave his general approval to the new package which it is known will establish voluntary wage and price guidelines designed to limit the increase in wages to 7 per cent next year and that for prices to 5.7 per cent.

If there is a surprise in the package, it will be the extent to which Mr. Carter seeks to back up this voluntary approach with enforcement measures.

The latest word is that he is determined to put some muscle into his efforts, largely through Government procurement policies, deregulating some industries and even allowing additional imports of certain commodities into the country.

On the growth side, the Administration is still predicting a similar performance in the final quarter of this year to that in the third. This 3.4 per cent range, the Commerce Department said in a statement in any case, has been the underlying rate of advance in Gross National Product for the first nine months, although both the first and second quarter figures were distorted by the coal strike and the severe winter.

Production

Expenditure on consumer durables, for example, rose by only \$1.5bn in the quarter, compared with more than \$1.4bn in the previous three months.

The Federal Reserve's industrial production index has shown slackness in this sector in recent months, only compensated for by the continuing strength of the construction industry, in spite of high interest rates.

Inventory investment also proceeded at a slower rate in the third quarter, while business fixed investment rose by barely a third of the rate of the preceding three months.

Gold Mines ex-premium

FROM next Wednesday, the Share Information Service will include a section of South African gold mining shares quoted in London in U.S. currency and excluding the investment dollar premium.

The FT Stock Index on the Stock Exchange Report page will contain an additional index calculated on ex-premium prices of the same 25 securities on which the established Gold Mines index is based.

The existing index has been re-calculated to exclude the dollar premium content from June 1972 when the constituent shares were redesignated as Overseas Sterling Area foreign currency securities for exchange control purposes.

The effective base for the new index is the same, September 12, 1955 equals 100, as for the established gold mines index.

Cognac

To understand the word you need glasses

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That the bottle may have been in somebody's cellar for twenty years tells you nothing either. Cognac has to be matured in oak, and once it is bottled it does not improve. There are two further facts you can rely on.

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OVERSEAS NEWS

Dayan says Mideast peace talks are at impasse

WASHINGTON, Oct. 20.

MR. MOSHE DAYAN, the Israeli Foreign Minister, said Israeli and Egyptian negotiators at a peace conference here were at an impasse over the "fundamental principles" and the Israeli delegation would return home for consultations.

Meanwhile the U.S. has submitted a revised draft of a peace treaty between the two countries. Informed sources said the new American plan deals with issues revolving around Egypt's desire to link the peace treaty with progress on the issues of the West Bank, Jerusalem, the Gaza Strip and the Palestinians, which are not directly related to relations between Egypt and Israel.

Speaking in an Israeli television interview from here, Mr. Dayan declined to use the term "crisis" to describe the negotiations, but said at least three times that without concessions by both sides "there will be no agreement."

Mr. Dayan said his delegation would return to Israel on Monday, but the television reported that his departure was moved forward to tomorrow in a decision following the interview.

Mr. Dayan and Defence Minister Ezer Weizman were

likely to report to Prime Minister Menachem Begin's cabinet on Sunday.

Sources close to the bargaining said President Carter had an unannounced meeting in the White House with Mr. Dayan and other Israeli negotiators.

The new American draft was presented to the Egyptian and Israeli delegations after President Carter had intervened yesterday in an attempt to resolve problems in the week-long negotiations. George Shuman, spokesman for the talks said.

Dr. Osama Al Baz, Under-Secretary of the Egyptian Ministry of Foreign Affairs, had flown to London for consultations on the plan with Egyptian Vice-President Hosni Mubarak, now on a tour of European capitals. Mr. Shuman said.

Mr. Shuman said Mubarak would be returning to Cairo to pass Dr. Baz's report to President Anwar Sadat. Agencies

Rami Khouri writes from Amman: The U.S. Government has apparently failed to overcome Jordanian opposition to the framework agreed at Camp David for the West Bank and Gaza Strip.

Mr. Harold Saunders, U.S. Assistant Secretary of State, met an apparently solid way of rejection during two days of talks in Amman with Jordanian officials and Palestinian leaders.

The replies he gave to King Hussein in reply to his questions about the Camp David accords generated further queries and a commitment to keep studying the matter, but hopes of Jordan taking part in talks on the West Bank and Gaza remain elusive.

In a three-hour meeting last night with seven leading Palestinians, Mr. Saunders bluntly told that he was wasting his time looking for Palestinians outside the framework of the Palestine Liberation Organisation to take part in any proposed negotiations. "We felt that the U.S. was telling us to take it or leave it, to put up or shut up," one participant said.

David Lemmon reports from Tel Aviv: Israel's Cabinet met today for the third time this week to discuss the difficulties which have arisen in the peace talks with Egypt.

Saudi Arabian troops took over strategic positions from Syrian soldiers in Christian areas of Beirut at dawn today as part of a security plan to prevent renewed fighting, the Right-wing Falangist group reported.

Chinese deserts yield treasure

By John Hoffmann in Peking

TWO THOUSAND years ago the merchants of the Roman Empire developed a taste for Chinese silks—richly embroidered fabrics from the looms of Lanchow. The only way to get the precious goods (literally worth its weight in gold) from seller to buyer was overland, and so the fabled silk route was opened up from the middle kingdom to Samarkand and beyond.

For a thousand years the lucrative trade went on, luring caravans of camels and men across the world's most inhospitable territory. In northwest China the route clung precariously to a chain of oases along the line separating the desolate, stony Gobi Desert from the arid and sand-dusted Tarim basin.

Both deserts make up a large part of what is now China's largest province, the sparsely settled, autonomous region of Sinkiang which covers one-sixth of all Chinese territory, an area the size of Iran.

China's leadership would fight for Sinkiang. Apart from its strategic position as a frontier with the Soviet Union—an uneasy frontier on both sides of which military muscles are being flexed—Sinkiang has become important because what it has concealed for ages: some of China's richest resources of oil, coal and iron.

The region, once looked on as having little potential except for its marginal, high-altitude pasture (snow-covered for much of the year), now ranks as one of China's future major industrial bases and raw material sources. The list of recoverable minerals is impressive: coal, iron, asbestos, uranium, mica, manganese, gold and other rare metals.

Sinkiang has abundant oil, sea of it, according to the Russians who fraternally provided their prospecting technology in the 1950s, and enough to justify confidence that the region will be one of the new mainstays of China's intended development as part of its modernisation programme, according to Chinese officials.

Mr. Chi Shu-shan, a division chief of the Sinkiang regional economic commission, said recently that large oil deposits had been found in North and South Sinkiang. "That is without question," he said but he refused to say what reserves had been proved, or whether China could deal easily with the production problems posed by the area's remoteness, a factor which bears on the shift of emphasis to off-shore oil development.

The region, with three major refineries in operation, supplies its own petroleum products and exports a surplus to other provinces. Total production is about 100,000 tons a year. Sinkiang is a coal exporter, with rich reserves of bituminous, anthracite and coking coal, according to Mr. Chi Urumchi, Sinkiang's capital and industrial heart of the region. "It sits on a big coal deposit," he said.

The abundance of coal and lime deposits has enabled Sinkiang to establish a self-contained, although not yet self-sufficient, iron and steel industry. The region makes locally about 30 per cent of the finished steel it needs, and the quality of Sinkiang iron ore suggests a sound base for major developments in the industry.

High-grade ore with an iron content of 60-70 per cent has been found deep in the Kien-shan mountains. Extraction and believed to present some difficulties because of the isolated and rough terrain, and exploration has not yet proved the extent of the reserves. However, Mr. Chi said a start had been made on exploitation of the ore and high-grade furnace feed was being produced.

Sinkiang reached self-sufficiency in food grains last year and grows potatoes and other farm products for the rest of China. In addition, about 600 hectares of pastureland, much of it marginal, supports 200,000 sheep.

The traffic on the old silk route has reversed its direction and now it is a coal, oil and wool route. Sinkiang's sheep produce hair of China's wool production, and factories in the region export woolen goods and fabrics to Japan, Hong Kong, Korea, Vietnam, Kuwait and West Germany.

China's central government has been generous to Sinkiang, recognising the importance of strengthening the region not only economically but strategically. The first farms were established there in 1949, when the Communist Government won power, and they were manned by units of the People's Liberation Army.

The central government has now pumped millions of people into the region to till the fields and staff the factories. Sinkiang's population has doubled since 1949 to 11.2 million—still not much more than 1 per cent of China's population—and it is believed that the region will feel comfortable about the security of its north-west corner until 100m people has settled there.

Namibia assembly 'will have final say on UN-supervised poll'

BY QUENTIN PEEL

Whatever assembly is elected in the forthcoming internal poll in Namibia (South West Africa) will have final say on whether a UN-supervised election is ultimately held in the territory, senior South African sources confirmed today.

The elections—regarded as "null and void" by the Western members of the UN Security Council—will produce an assembly which will also have powers to draw up an independent constitution for the territory.

But it will be up to South Africa to decide whether or not to implement that constitution.

These indications of the South African interpretation of their agreement with the Western Foreign Ministers, thrashed out during which there will be a suggestion that the Ministers failed to persuade the South African Government materially to change its position.

The only major concessions South Africa made was to agree to "use its best efforts" to persuade the internal leaders chosen in the planned December election in Namibia—without UN supervision—"seriously to consider ways and means of achieving international recognition," the sources added.

Undoubtedly, the South African Government is pleased with the deal negotiated with the West. An official refused to be drawn on whether any Western assurances had been given to the veto moves for UN sanctions.

But he said it would be a "complete contradiction" to sign the joint statement seeking further consultation, yet support any sanctions move.

The December elections would produce a constituent assembly empowered to write an independent constitution. The sources said. But it would be up to Judge M. T. Steyn, South African Administrator-General in Windhoek, to decide whether or not to implement it.

The assembly would also be entitled to make recommendations to the Administrator-General on other matters, the sources went on.

These would include any agreement between Judge Steyn and Mr. Marti Ahtisaari, UN special representative for Namibia, leading to UN supervised elections next year. On this, it was stressed the assembly would have the final say.

The sources suggested one possible alternative plan. An agreement might be reached between Judge Steyn and Mr. Ahtisaari before the December elections.

In that case, the Administrator-General would consult the political parties taking part in those elections and if they accepted, would finally approve an agreement.

Reuter reports from New York: United Nations Secretary-General Kurt Waldheim will send his special representative back to Namibia only if the Security Council gives the word, well-informed sources said.

Teng trip highlights Tokyo thaw

BY CHARLES SMITH

CHINA'S VICE-PREMIER Teng Hsiao-ping arrives in Tokyo on Sunday for a one-week visit to discuss the new contents of the recently signed Sino-Japanese Treaty of Peace and Friendship.

Mr. Teng, the first top Chinese leader to visit Japan since 1949, will be accompanied by a 42-member entourage including Foreign Minister Huang Hua. He will have talks with Prime Minister Takeo Fukuda and other Japanese Cabinet ministers.

Mr. Teng will be received by the Emperor on the day after he arrives in Tokyo, a privilege usually reserved for visiting Heads of State. The reception

being prepared for Mr. Teng indicates that Japan regards the visit as one of prime importance in symbolising the new relations between Tokyo and Peking.

The timing of the visit is particularly happy from the point of view of Mr. Fukuda, who can claim overall responsibility for the success of Japan's policy. It comes only 10 days before the start of primary elections for the Presidency of the ruling Liberal Democratic Party (the post which carries with it the Premiership) at which he will be seeking re-election to a new two-year term as Party Leader.

China is stressing the symbolic side of Mr. Teng's visit. The Vice-Premier will be going out of his way to meet political leaders (or the families of dead political leaders) who have played a role in improving Sino-Japanese relations, including ex-Premier Kakuei Tanaka. Negotiations on detailed economic issues will be left to a high-powered mission which arrives in Tokyo for a four-week stay on October 28, the day before Mr. Teng leaves Japan for Osaka.

The Japan External Trade Organisation (JETRO) said China's foreign trade during the first half of calendar 1978 reached an estimated \$9.15bn, exports and imports combined, an increase of 44 per cent over the same period of 1977, Reuter writes from Tokyo.

Datsun dealers take quota fears to Japan

BY CHARLES SMITH

THE CHAIRMAN of the Datsun car dealers' association, Mr. Peter Fletcher, who has been visiting Japan this week to protest about the recent sharp cutback on car shipments to Britain, will meet "top officials" of the British Department of Trade early next week to ask for an increase in October and November shipments.

Mr. Fletcher says he is hopeful that the department will agree that shipments of Datsun cars due in December should be brought forward to November so that dealers can cope with the peak demand for cars expected in January. The Datsun dealers are not requesting any overall increase in shipments in 1978.

A spokesman for the British Embassy this afternoon thought the department probably would refuse Mr. Fletcher's request for a "flexible" arrangement in opinion in Britain about car imports.

The Datsun dealers claim that the Ministry of International Trade and Industry "discriminated against Nissan (the Japanese car manufacturer of Datsun cars) in its allocation of car shipments to Britain to be made within the framework of its overall commitment to 'freeze' car exports."

Mr. Fletcher says the recent severe cutback in October and November shipments (made under strong political pressure from Britain) ignored the fact that

shipments made in these months provide cars for sale in January when demand is at a peak. "We do not mind if Nissan ships no cars to the UK in December," Mr. Fletcher said today (because December shipments leave Japan too late to meet the January sales deadline).

Mr. Fletcher says Datsun dealers now have about one month's stock of cars on hand, whereas dealers in Mazda and Colt cars (two other Japanese

makes) have stocks for five months. It would be necessary to turn away large numbers of would-be buyers of Datsun cars in January if current shipping schedules were adhered to. He stressed that the reallocation of shipments between December and November would make no difference to Japan's share of car registrations in 1978 since the cars to be shipped in these months would not be sold until next year.

The loan was put on ice by the decision of a Paris tribunal to block Nigerian bank accounts in France because of Nigeria's failure to settle a debt for cement dating back to 1975. This ruling involved at least two major banks, the French bank of Societe Generale—who are understood to be subscribing \$50m to the Nigerian loan.

THE DISPUTE over payments due to be made by the Nigerian Government to the French trading company Ipirate, which is holding up a large Euro-currency loan to Nigeria, may be settled next week, it was understood today.

A representative of the French company will meet lawyers representing the Nigerian Government in London next Tuesday when, it is hoped, a compromise agreement can be reached. The two sides, it was learnt in Paris, have already worked out a blue-print.

It was announced yesterday that a consortium of West German and Austrian banks had decided to participate in the

installation since the Reformation. By electing Cardinal Wojtyla the 11 Cardinals clearly wanted to demonstrate the universality of the Church. In turn, in his first homily to the Sacred College, Pope John Paul emphasised that he intended to pursue the work

Czesochowa for the celebration of the 6th centenary of Poland's most venerated shrine. The late Pope Paul VI had also expressed the wish to visit the shrine, but was unable to do so because of Polish visa difficulties.

Pope John Paul's first public appearance this week was to visit the Polish Bishop Andreas Deskur at the Rome Polinclinico Gemelli. Bishop Deskur is paralysed and is said to be unable to speak. With the experience of the ways of the Roman Curia, he would have represented a precious asset to the new Pope in these early days of his Pontificate, since John Paul has little if any experience of Vatican administration.

At the hospital, the unexpected visit of the former Archbishop of Cracow caused an immediate and enthusiastic public response to a man who on the night of his election was virtually unknown to most Romans. But like his predecessor, John Paul I, who reigned for barely 33 days, he has already won widespread sympathy in Italy for his apparent straightforwardness and openness together with his knowledge of the Italian language.

While one of the key questions his election raises is the future of Church-State relations in Poland and in the Communist world—as a whole—in Italy at least the country is still adjusting to the fact that a non-Italian is now head of the Roman Catholic Church and Bishop of Rome. The Marxist newspaper "Lotta Continua," which normally does not devote much coverage to Vatican affairs, this time led on the unexpected election of Cardinal Wojtyla. It put it this way: "After the world basketball championships, Italy has now also lost the Pope."

Swedish economy: 4% growth predicted

PRETORIA, Oct. 20.

THE SWEDISH economy is now firmly on the recovery path, to judge by the latest report from the National Economic Research Institute, it expects Gross National Product to grow by 2 per cent this year and by over 4 per cent in 1979. This contrasts with earlier predictions at a 1 per cent increase or less this year.

The principle factor has been the steady improvement in the trade balance. It will probably show a surplus this year, SKR 6.5bn (1978), compared with the SKR 1.1bn anticipated in the budget. The payments deficit will be reduced to nearly SKR 5bn according to the Institute.

The bettering of the trade balance is partly due to less demand for imports and partly to a decline in imports. This is not repeated next year when private consumption is forecast to rise again by 3 per cent and industry, having a rid of its unsold stocks, will be another trade surplus.

But the Institute believes exports will nevertheless advance by some 6.5 per cent in 1979, export price increase will outstrip import price rise and Sweden can achieve another trade surplus around SKR 6bn. Higher repayments would boost payments deficit slightly to over SKR 5bn.

Most significantly, the Institute anticipates a 7 per cent rise in private investment in 1979, three successive years of decline.

However, the outgoing Economy Minister, Mr. Gösta Bohman, generally regarded as the architect of the economic recovery, yesterday warned at the 1978 meeting of the inflation threat in the 1979 budget deficit.

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Expansionary Malay budget

By Wang Sulong

KUALA LUMPUR, Oct. 20. THE MALAYSIAN government today presented an expansionary budget for next year to sustain the country's growth in the face of sluggish performance by the industrialised countries.

Tengku Razaleigh, the Finance Minister, announced that Malaysia's real growth for 1978 is expected to be 7.1 per cent. The target growth for next year is 7.2 per cent. He said much will depend on the OECD countries, whose economic performance has recently been revised downwards.

The Government will adopt a stimulative budget, with expenditure rising by 9 per cent to Ringgits 15.75m.

Operating expenditure will be Ringgits 8,700m, an increase of 10 per cent over 1977's 7,900m, giving a current surplus of Ringgits 330m—the seventh successive surplus year.

Development spending for defence and internal security has been cut by 8 per cent to Ringgits 510m, reflecting improved security within Malaysia and the region.

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Sino-French arms deal progress

BY ROBERT MAUTHNER

PARIS, Oct. 20.

A DEAL worth hundreds of millions of dollars for French arms sales to China is now in an advanced stage of negotiation but the French Defence Ministry today denied reports that it had already been signed.

Nor did the Ministry give any indication when the agreement was likely to be concluded.

The value of the arms package, which was first discussed by M. Raymond Barre, the French Prime Minister, and Chinese leaders during his visit to Peking last January, has been estimated at some \$350m, but some reports put the figure much higher.

The Chinese are interested mainly in buying all Hot and

Milan anti-tank and Crotale anti-aircraft missiles from France, though originally they were said to have been anxious also to purchase the latest Mirage F-1 fighters. The French Government, however, is understood to have told Peking that it was prepared to supply China only with defensive weapons.

The reason for this reticence is France's wish not to offend the Soviet Union, which is sensitive about Western arms sales to China.

While the arms negotiations have still not been completed, France and China today signed an agreement at the end of a one-year official visit by Mr. Fang Yi, Chinese Vice-Premier. The agreement, which comple-

ments a similar document signed by M. Barre in Peking, covers mainly co-operation in the fields of physics, space technology, biology and biochemistry, mathematics, oceanography, meteorology and social sciences. The two countries will exchange research scientists in all these areas.

M. Claude Pierre-Brossolette, chairman of Credit Lyonnais, one of France's three biggest nationalised banks, will fly to Peking tomorrow for talks with the Bank of China about new credit arrangements to finance China's purchases from France. Credit Lyonnais is the leader of a banking consortium already financing the construction of a petrochemical complex in China.

The issue of opposition inside the six-party coalition to the Government's regionalisation plan. Known as the Egmout pact, the plan aims at defusing traditional Flemish-Walloon tensions by splitting Belgium into three separate administrative areas.

Objections to the plan have intensified in recent months, particularly inside Mr. Tindemans' own Flemish Social Christian Party (CVP). Mr. Vanden Boeynants, president of the FSC Francophone Walloon wing of the Social Christians, has clearly failed to overcome this opposition. He was backed by King Baudouin and had hoped to reform the coalition, thus forming a government without recourse to the ballot box. But now Belgians will have to vote on the issue before the election results could exacerbate the present impasse.

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Dutch neutron protest

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 20.

HOLLAND is opposed to making any commitment to use the shell but wants to retain it as a bargaining counter in the East-West arms limitation talks.

Mr. Dries van Agt, Dutch Prime Minister, said the U.S. decision made use of the neutron shell more likely, but there were still a number of stages before it could actually be deployed. The U.S. had said it would consult its NATO partners before going ahead with production.

News of the development of the neutron warheads has provoked strong protest in Holland. Mr. van Agt, a Christian Democrat, faces as much opposition from his own party on this issue as from the Opposition.

The heated discussion in the Dutch Parliament revived memories of the debate in March when the Government defeated strong opposition to its wish to keep its options open on the neutron shell.

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Coal deposits

The abundance of coal and lime deposits has enabled Sinkiang to establish a self-contained, although not yet self-sufficient, iron and steel industry. The region makes locally about 30 per cent of the finished steel it needs, and the quality of Sinkiang iron ore suggests a sound base for major developments in the industry.

High-grade ore with an iron content of 60-70 per cent has been found deep in the Kien-shan mountains. Extraction and believed to present some difficulties because of the isolated and rough terrain, and exploration has not yet proved the extent of the reserves. However, Mr. Chi said a start had been made on exploitation of the ore and high-grade furnace feed was being produced.

Sinkiang reached self-sufficiency in food grains last year and grows potatoes and other farm products for the rest of China. In addition, about 600 hectares of pastureland, much of it marginal, supports 200,000 sheep.

The traffic on the old silk route has reversed its direction and now it is a coal, oil and wool route. Sinkiang's sheep produce hair of China's wool production, and factories in the region export woolen goods and fabrics to Japan, Hong Kong, Korea, Vietnam, Kuwait and West Germany.

China's central government has been generous to Sinkiang, recognising the importance of strengthening the region not only economically but strategically. The first farms were established there in 1949, when the Communist Government won power, and they were manned by units of the People's Liberation Army.

The central government has now pumped millions of people into the region to till the fields and staff the factories. Sinkiang's population has doubled since 1949 to 11.2 million—still not much more than 1 per cent of China's population—and it is believed that the region will feel comfortable about the security of its north-west corner until 100m people has settled there.

ملتان 21 اکتوبر 1978

HOME NEWS

'An ordinary bankruptcy with noughts'

BY JOHN MOORE

MR. WILLIAM STERN, former head of a 180-company empire, appeared in the London Bankruptcy Court yesterday for his personal bankruptcy examination.

Although his £104m personal net worth was the largest on record, it was described by Mr. Alan Sales, the Official Receiver, as "a very ordinary bankruptcy with noughts at the end".

During the examination, which was adjourned until February 14, Mr. Stern was asked detailed questions about his domestic financial arrangements by Mr. Daniel Swift, QC, counsel for the bankrupt's trustee, Mr. George Sawyer.

Mr. Stern, who stood throughout the 2-hour hearing, said that his life style before bankruptcy was commensurate with that of a person worth £18m.

He said that in the seven years before his bankruptcy, £40,000 was spent on household and personal expenses. His home in Finchley, Green was virtually reconstructed, the house was furnished with expensive, a number of animals were purchased and he bought his wife jewelry.

He said that out of the amount of £458,000 which he advanced to his wife in the form of an interest-free loan from his father's group of companies, £30,000 was spent on renovating and rebuilding his house. To do this he engaged a subsidiary of his father's group of companies, £30,000 was spent on renovating and rebuilding his house. To do this he engaged a subsidiary of his father's group of companies, £30,000 was spent on renovating and rebuilding his house.



MR. WILLIAM STERN
Empire collapsed

Personal demand notices reached him. The counsel for the trustee in bankruptcy asked for an adjournment, as the trustee had been provided with material which will require investigation.

Post Office to build £27m block in City

By John Brennan, Property Correspondent

THE POST OFFICE is to build a £27m, 470,000 square foot office block on its St. Martin's-le-Grand site in London.

The 23-acre site has been one of the most productive of the Post Office's archaeological digs since 1974, when the Post Office demolished the remaining buildings of its Central Telegraph Office. The land was to have been the site of a new Post Office headquarters block. But economy cuts killed that project in 1975.

McAlpine agrees to lift Alliance high and dry

BY MAURICE SAMUELSON

DECISION will be taken on today on how to lift a 1,100-ton steel hull vertically from the seabed at Portsmouth. That will be the stripped down weight of Alliance, Britain's oldest surviving submarine, when she is moved on to dry land to form the nucleus of a submarine museum.

The dual purpose of the operation is to save Alliance—built in 1946—and to raise revenue from the museum for dependents of submariners. For several years, Alliance has served as floating workshop for school parties, was planned to put her on land as a museum.

Sir William McAlpine, the building contractor, is understood to have agreed to do the work at an estimated cost of £30,000, in consultation with the Ministry of Defence.

Wide use of electronic main expected in 1980s

BY JOHN LLOYD

ELECTRONIC MAIL—the transmission of text through telephone lines—will not gain wide acceptance as a means of communication until the early 1980s, according to a consultant's report.

The report, which is still being completed, was undertaken by Ackintosh Consultants for the European post and telecommunications authorities. Costing about £200,000, it is the most extensive study yet.

Once high speed telelinks become generally available over the next few years, business letters will tend to switch from additional post to electronic mail.

ALEROOM BY ANTONY THORNCROFT

Liebermann record price

THE TWO-DAY SALE of continental pictures ended at Christie's yesterday with a total of £598,745 and a very high rise of 150,000, plus the 10 per cent buyer's premium, by an anonymous buyer for "Stille Nacht" by Max Liebermann. The picture, painted about 1885, shows a young woman sitting, it received an award for merit when first exhibited in Berlin in 1888, and then disappeared for 40 years. The price was an auction record for the artist, beating the previous best of £39,393 in 1973, and was far above the pre-sale estimate of £10,000-£15,000.

How time ran out during Big Ben enterprise

BY CHRISTINE MOIR

THE Government intends to press ahead with legislation to make insider dealing in company securities a criminal offence. It has the full support, in principle, of the Council for the Securities Industry.

In two separate announcements yesterday, Mr. Edmund Dell, Secretary of State for Trade, asked for wide consultation on the draft Bill on insider dealing and said he was prepared for changes after the Bill was introduced. At the same time the CSI said that it would be developing its initial proposals for improving the Bill to the Department with the utmost despatch.

Mr. Dell told a group of Liverpool accountants yesterday, "Insider dealing, carefully defined, should be made a criminal offence. It is wrong, and making it a criminal offence will act as a powerful deterrent."

His words were echoed in a statement from the CSI issued after its meeting yesterday. The Council stressed that it "enthusiastically and unanimously endorsed the support it had already declared" for the principle of legislation.

Tory MPs lash out over Heath line

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE RIFT between Mr. Edward Heath and the Tory leadership over wages rather than an odd thing to say.

The Labour Party was not slow to cash in on the differences within the Tory Party. Mr. Joel Barnett, chief secretary to the Treasury told a meeting: "The Thatcher alternative is a recipe for disaster. It can effectively be summed up as saying 'we will abdicate from all negotiations'."

On the wages front, Mr. Roy Hattersley, Secretary of State for Prices, made a renewed appeal yesterday to the unions to keep their wage claims within reasonable limits. There was no doubt that if this were done, a confidence in the government in the inflation rate was possible, he said.

But if we assume inflation is going to take off again and attempt to anticipate the increase by massive wage increases, then the thing we most dread will turn into a nightmare of reality."

Mr. Francis Pym is to take over as Conservative spokesman on Foreign Affairs "for the time being" while Mr. John Davies is recuperating in hospital after his operations earlier this week.

EEC Council must act to ensure energy supply

BY KEVIN DONE, ENERGY CORRESPONDENT

THE EEC Council of Ministers must act "decisively and quickly" to safeguard future energy supplies, Sir Derek Egan, chairman of the National Coal Board, said yesterday.

The continuing world recession was lulling some countries into complacency. Even if there was no repeat of the Middle East oil crisis, countries still had to face the prospect of a severe energy shortage in the latter part of this century, when oil and gas passed their peak.

"That calls for decisive action now—despite the short-term weakness of world energy markets—so that countries are ready with alternative energy supplies. The greatest opportunity for European Community countries is to safeguard indigenous coal supplies far into the future."

Sir Derek yesterday was elected chairman of the European Coal and Steel Community's energy committee. In his address he pointed to the Community's dependence on imported energy, which accounts for nearly 60 per cent of total requirements.

Approval was needed from the Council of Ministers for a package of measures that has already been advocated by the Commission. These include: increased sales of Community produced coal to power stations in the Community.

Provision of incentives for building more coal-fired power stations.

Assistance for production and sales of Community coking coal and coke for steel industry purposes.

Government intends to press ahead on insider dealing law

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Tanker pollution danger over

BY PAUL TAYLOR

THE POLLUTION threat from the damaged Greek tanker Christos Elias should be over by noon today, Mr. George King, managing director of the BP Tanker company said last night.

By midday yesterday, all but 6,000 tonnes of the tanker's cargo of Iranian crude had been pumped from her tanks. Weather permitting, the operation should be completed this morning.

Mr. King said the operation to save the ship and prevent pollution had been "an enormous human achievement." He praised the co-operation from all involved.

After outlining BP's role in the rescue, Mr. King said that the exercise would make future contingency planning for oil tanker disasters a lot easier "because we did it right."

Pinewood plans studio trips for tourists

By Colleen Toomey

THE UK film industry may, like Hollywood, open its gates to public scrutiny if planning permission for a new multi-million pound family leisure centre and other amenities is granted.

Pinewood Studios, part of the Rank Organisation, is applying to Beaconsfield Council to open to the public seven days a week during the summer, and five days a week during the winter, for the first time since it began in 1936.

It is planning a "studio village" with a film museum, demonstrations, workshops, catering facilities, geared to family excitement and entertainment in a studio that normally a closed shop.

Visitors would take an hour-long tour through Pinewood's landscaped grounds by air-conditioned tram. They would not interfere with the function of making films, Mr. Howard said.

The project, which follows a feasibility study by Pinewood and a fee-paying studio tour, should take up to three years to complete. The idea was conceived last year after 50,000 visitors poured through Pinewood's gates during a charity weekend.

Welsh demand plan to cut unemployment

By Robin Reeves, Welsh Correspondent

DELEGATES AT Plaid Cymru's annual conference in Swansea condemned the Government's economic policies towards Wales yesterday, demanding a national plan aimed at reducing unemployment, but welcomed Westminster's plans for a Welsh assembly.

The conference demanded the replacement of the Welsh Development Agency with a "dynamic" Welsh authority charged with spearheading a determined drive for new ventures to provide new jobs.

On the call for a national plan, Mr. Emrys Roberts, leader of Merthyr Tydfil District Council, said that official requests to the Welsh Office to update the Government's 1967 planning guidelines, Wales: The Way Ahead, had been firmly rejected.

The plan also lists other areas for future action, including cutting port charges, reducing costs, securing alternative employment opportunities and the need for investment.

Although not a barrier to agreement yesterday, the question of investment in the Upper Docks is likely to become increasingly prominent.

The authority considers that such spending cannot be commercially justified, but the unions and local authorities in docklands believe that an injection of cash might reverse the docks' decline.

The authority lost £4.7m in the first half of this year and will face a liquidity crisis by next spring without Government cash.

'Action causing patients' deaths'

BY PAULINE CLARK, LABOUR STAFF

MR. DAVID ENNALS, the Social Services Secretary, said yesterday that patients had died as a result of the industrial action taken by hospital works supervisors over a pay claim. Talks between unions and management broke down without agreement for the fourth time since the action began a month ago.

In his appeal for a return to work, Mr. Ennals' statement, made during a visit to his North Norfolk constituency—consultants I respect have told me patients are dying and I believe them—seemed last night to have diminished the chances of settling the dispute in the near future.

It was with an immediate angry response from the unions who accused him of "blackmail" and "playing politics with patients." Mr. David Williams, assistant general secretary of the Confederation of Health Service Employees, said: "This unprecedented outburst from Mr. Ennals must call into question his judgment."

"We categorically deny that patients have died as a direct result of the dispute. We will demand a substantiation or retraction by letter."

NATSOPA plans to quell ink revolt

BY OUR LABOUR STAFF

OFFICIALS OF Britain's third biggest print union are planning action next week to end a revolt that it had faced a series of disputes over the past six months, all unofficial.

The chapel's demands include at least £80 for a 40-hour week and improvements to safety and health at the factory. The principal sticking point, however, is said to be the company's failure to agree to pay members in full for a period early in the dispute.

Mr. Dave Hutchinson, NATSOPA branch secretary, said that to promote goodwill in further negotiations the company had agreed to pay half of wages for that period.

The union is expected to summon the rebels to appear before a local branch committee early next week. Meanwhile, strikers are threatening to send tickets to Fleet Street to prevent national newspapers from receiving ink from other sources.

Renold strikers agree to peace formula

BY OUR LABOUR STAFF

A MASS meeting of 1,000 engineering workers at the Renold power transmission factory in Coventry, accepted a peace formula yesterday to end their four-day strike.

The company was believed to be the first affected by a big dispute over the Government's insistence that the national engineering agreement earlier this year, which boosted earnings by 11 per cent, should be costed against the 5 per cent pay guideline.

It was understood last night that a productivity deal is the principal element in the Renold peace formula. It followed more than 48 hours of talks involving the Advisory Conciliation and Arbitration Service.

Unions and docks still talking about job cuts

BY IAN HARGREAVES

TALKS BETWEEN the Port of London Authority and its trade union members are continuing last night, but the unions are still insisting that the port's upper docks were continuing last night.

At what is intended to be the final session before the plan goes before a full Board meeting of the authority on Monday, the main stumbling block was still the refusal of white-collar workers to join other unions in the agreement.

The plan proposes 1,400 voluntary redundancies in the next year, half among staff, half among registered dock workers. Mr. William Rodgers, Transport Secretary, has asked for joint agreement on manpower changes and proposals to take the port towards financial viability as a pre-condition for the release of the first tranche of the £35m promised in July to meet redundancy costs.

The plan also lists other areas for future action, including cutting port charges, reducing costs, securing alternative employment opportunities and the need for investment.

Rebuilt foundries seek orders

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE British Steel Corporation launched a drive yesterday for orders for its Craignuek Foundries, Motherwell, which have been modernised at a cost of £7.2m.

The foundries, part of the corporation's Sheffield-based foundry, foundries and engineering section, employ about 600 men, but are running at less than three-fifths of capacity.

Mr. Edward Kain, works manager, said that output needed to be stepped up to three-quarters of capacity to break even. If they could reach 100 per cent, there was potential for another 280 jobs.

The light and medium foundries at Craignuek produce castings weighing up to 10 tons in Europe, one that is capable of producing castings to the highest quality standards.

BL factory to resume

PRINCESS and Maxi car production will be resumed at BL's Cowley factory on Tuesday, after a shutdown lasting nearly a week.

The assembly lines stopped because of a shortage of suspension and steering parts from another plant, in Birmingham, where 200 men were operating a go-slow over the management's refusal to let them go home when they had finished their daily work quota.

The company said yesterday that after talks on their dispute, the men were working normally and 1,600 BL Cowley workers were being recalled to restart car production.

At the works Mr. Millan was presented with a paper by the combined unions committee, arguing that the foundry modernisation should be followed, with a modern bar forging and rolling machine to replace the present hand mills.

The unions said that those could be established at Craignuek at a cost of £2m, compared to £18m on a green-field site, and would secure the future of the 700 jobs in the Craignuek rolling mills and reduce overheads for the foundry.

Mr. Bruce Millan, Secretary of State for Scotland, who formally opened the modernised works yesterday, appealed to British Ferrous Foundry Scheme and a 22 per cent grant from the regional aid fund.

He said: "BSG has provided what is probably the most modern foundry complex in the UK, it is able to produce castings to the highest quality standards. In doing so it has also depressed by the low demand for steel, certain other markets, and the fact that which are traditionally associated with foundries."

The Government has assisted the improvement programme with a grant of £1.2m under the Ferrous Foundry Scheme and a 22 per cent grant from the regional aid fund.

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YOUR SAVINGS AND INVESTMENTS 1

Income bonds are back after five years in the wilderness. Eric Short assesses the new crop.

An investment to sleep on

DO YOU LEAVE your money lying in a building society account simply because it is a secure, uncomplicated investment? If you are a standard rate taxpayer, you may be better off switching to one of the new crop of income or growth bonds now available from a growing number of insurance companies.

The table shows some of the returns available—and in each case they are a percentage point or two better than you would get from a corresponding building society investment. And in some cases you enjoy the advantage that if you need money in a hurry you can cash in. The cash-in value before the full term is up is not guaranteed and it may turn out to be much less than what you put in. But even that is better than building society term shares which usually lock you in for the full term with no possibility of cashing in early.

The only problem with insurance bonds is that they are often hard to understand and are usually offered by relatively unknown companies.

So can investors make the switch and still sleep easy? The failures of National Life and London Indemnity and General are still too recent to be forgotten. And it was the massive sales of guaranteed income bonds on the wrong terms and on the wrong investment strategy that brought about the troubles.

A lot of lessons have been learnt, or relearned, from the troubles of a few years ago. The importance of matching assets against liabilities has been underlined. Now a four-year

HOW THE STANDARD RATE TAX-PAYER FARES

Company	Term (years)	Net yield %	Early cash-in
Provincial Life	5	9.16	Yes
National Mutual	5	9	Yes
Target Life	5	9	Yes
Charterhouse Maga	5	8.6	Yes
Ideal Insurance	4	9	No
General	4	9	No
Canterbury Life	4	9	No
Windsor Life	4	8.6	No
FS Assurance	3	8.25	Yes
Target Life	3	8	No

Figures supplied by Planned Savings.

bond must be matched against a four-year fixed interest investment whose security is first class. And because the cash-in terms are no longer guaranteed, the company is well-protected against a change in investment conditions between now and when the bond matures. Income and capital are secure.

The authorities are watching these operations much more closely. Not only are they scrutinising the investment policy of life companies, especially the new ones; they are ensuring that companies have an adequate capital base from which to market their products and this is the subject of continuous monitoring.

The Insurance Companies Act 1974 gives the Department of Trade very wide powers. The DoT's monitoring work is strictly confidential but life company executives say privately it is very much aware of its responsibilities and monitors

companies very closely.

For basic rate taxpayers a guaranteed income bond is very little different from a building society contract. The investor can opt to leave his money in the bond to roll-up so that it accumulates just as in a building society. Or he cashes in the bonuses to provide income. In either case the payment or roll-up is free of basic rate tax. There are complications for higher rate taxpayers, who would be better off choosing from a range of other investment vehicles from life companies.

Why can life companies offer a better return than building societies? In the first place they can invest in fixed interest securities that provide a higher return than gifts without loss of security. Almost all life companies invest their guaranteed income bond money in local authority stocks.

But more important, new life companies are in a special tax situation, since their expenses exceed their investment income. In effect these bonds offer investors the benefit of investment in a virtually tax free fund. But the companies have to keep a careful watch on the situation and the amount of bonds on offer is always limited.

There are two basic methods of providing income bonds—an endowment with guaranteed bonuses and a back-to-back combination of temporary annuity and endowment. Higher rate taxpayers should check which method is used. On the guaranteed bonuses, higher rate tax is paid on the return above 5 per cent. With a temporary annuity, higher rate tax, as well as basic rate, is paid on the interest content. At the end of the period in each case the profit on the capital returned suffers higher rate tax on the top-slicing principle. A temporary annuity provides a higher net income, offset by a higher tax liability on the capital returned.

THE GOVERNMENT'S option mortgage scheme is now a bad bet for most middle income borrowers.

The scheme's appeal is likely to be drastically curtailed once changes now planned are implemented.

Option mortgages get a direct subsidy instead of tax relief on interest—and the size of the subsidy is usually changed regularly to keep it exactly equal to tax relief at the lowest rate of tax.

The Government is still dithering over what is the appropriate level of subsidy now that the April Budget has introduced the special new 25 per cent tax band.

Whatever decision officials arrive at is likely to leave many borrowers wrong-footed—and it will probably prove an unwelcome extra public relations burden for the building societies.

The scheme was originally designed to help people on such low taxable incomes that they did not qualify for full tax relief on mortgage interest.

The subsidy level has usually been equal to the standard rate of tax—and now it stands

at the equivalent of tax relief at 34 per cent, the basic tax rate before April.

But it looks as if the subsidy will soon be cut to something between 33 per cent—the main tax rate for most people—and the 25 per cent rate that applies on the first £730 of taxable income.

For anyone who has sufficient taxable income to claim 33 per cent tax relief on his mortgage interest, the new level of subsidy will be a bad deal.

Probably more than one-quarter of the country's 800,000 option borrowers are in this category. Until now the scheme gave them a subsidy which was usually exactly equal to what they would get from tax relief. The scheme's attraction for them was just its simplicity and the way it freed them from one extra complication in their tax affairs.

Now they will be better off switching to an ordinary mortgage. And to accommodate them, the Department of the

An option to pay more

MORTGAGES

EAMONN FINGLETON

Environment is planning to cut the usual waiting period before switches are possible from four years to one.

One of the worst consequences of whatever new arrangements are adopted is that they are bound to curtail the already great confusion among many borrowers about the various mortgage possibilities.

If, as seems likely, a completely new level of say mortgages than any other mortgage over 25 years, the repayment bill is £89.15 a month at the Burnley, compared to £90.10 at other societies.

Like most other societies, the Burnley charges higher interest for mortgages over £15,000—but here again it gives borrowers credit for each month's clearing of the debt. Other societies wait until

unlikely to endear the option system to the building societies. The societies are already livid at being used as fall guys in the Government's efforts to control house prices. Now it will be up to them not only to explain the complicated sums so many borrowers will have to do to choose between the two systems, but to cope with the time-consuming paperwork when someone finds himself with the wrong system and wants to switch.

A bargain from the Burnley

IF YOU want a cheap mortgage, the end of each financial year before giving you credit for how much of the debt you have cleared in the meantime (they work on a "yearly rest" basis).

This means that for a £10,000 mortgage over 25 years, the repayment bill is £89.15 a month at the Burnley, compared to £90.10 at other societies. Like most other societies, the Burnley charges higher interest for mortgages over £15,000—but here again it gives borrowers credit for each month's clearing of the debt. Other societies wait until

Are you covered for bonfire night?

HOUSEHOLD INSURANCE

TIM DICKSON

GUY FAWKES may have failed—but festivities to mark that failure have since claimed many victims.

If therefore you're having a party at Halloween or on November 5, check your insurance cover.

It's a time of year likely to send shudders through any insurance company—crowds of people (mostly children) generally gathered in a confined space close to fire and other potential dangers.

If you're having a private get-together however (strictly no paying guests) any household policy from a leading company will provide cover against liability for injury to third parties, and their property. These include the policyholder's family, friends and employees and the policy usually provides protection up to £250,000.

It does not, however, cover the policyholder himself and only applies if the claimant can prove negligence—and therefore liability—on the part of his host.

In the case of a child, this should usually be relatively simple (if he, or she, gets hurt this can almost certainly be blamed on poor supervision) but a tipsy adult, for example, who strays too near the bonfire and gets singed will not be covered.

On the other hand, if you are planning a public fireworks display in your home (through an association, club or guild, for instance), the organising body may well be ultimately liable for claims though the claimant

will probably have to sue you—and you or your insurer in turn will have to sue it.

For this type of party most leading insurance companies have public liability policies. Find out if the headquarters of your organisation has a blanket policy to cover activities anywhere in the country, and check that bonfires and fireworks displays are not excluded.

This type of protection tends to cover a whole year but the Prudential is one company with a "Special Events" policy which can be taken out for one day. Premiums are based on estimated attendance figures and cover for one individual claim is again up to £250,000.

If the event is a fireworks party, the premium may be loaded and remember the company will only pay up if it is well to remember that the indemnity the school against policy would most likely be insurance company expects you its legal liability concerning needed. The school should take adequate precautions—accidents to pupils, parents and check with his insurer.



Children at risk: They may sue for poor supervision

The only way of ensuring will not be pleased if you other relations attending. But against your own stupidity or build your bonfire beside the person concerned would carelessness is a personal accident garden shed, for instance, need to claim against the dem policy—but that would be expensive if you want cover for schools and held in school organised by the parent-teacher grounds are usually covered by association, then either an normal fire insurance policies, extension to the existing thinking of having a party, it The public liability cover would insurance or a separate one-off insurance company expects you its legal liability concerning needed. The school should take adequate precautions—accidents to pupils, parents and check with his insurer.

INVEST IN AMERICA AT A TIME LIKE THIS?

Although the dollar is not yet responding to treatment, the idea of investing in America is appealing. American Stockmarkets are attractive, despite economic uncertainties.

Company results are good. Institutional liquidity in the USA is high and further overseas cash is waiting to be invested through Wall Street.

The political authority of the Carter Administration seems to be improving—his success with the National Gas Bill is one indication. And it is expected that interest rates will ease next year.

We believe that America will offer the outstanding investment opportunity for 1979. The problem is, however, that when the upturn comes, it will be difficult for the average investor to catch that important early rise—which is where Barclays Unicorn comes in.

If you want to make sure of the opportunity, investing in Barclays Unicorn America Trust could be one way of doing so. Barclays Unicorn is part of the Barclays Bank Group, one of the largest international banking organisations in the world, having a substantial presence in America. Barclays Unicorn is thus well placed to take a view on the US—its economy, industry and investment climate.

There has been a steady flow of money into the Fund over the last few months and it is now valued at around £10m—a good size for effective management.

The Trust's aim is to obtain maximum capital growth through investment in the shares of companies in the American Continent. The policy for a number of months has been to buy quality stocks.

Remember that the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

HOW TO INVEST

You can invest in Unicorn America Trust with a lump sum of £500 or more. Or, if you wish to invest on a regular basis with tax relief, you can make a monthly payment of £10.30 or more. Please fill in the subscription form below.

The offer price, which can change daily was 34.9p per unit on 20th October, 1978 with an estimated gross yield of 1.26%.

Prices and yield appear daily in the Financial Times and other national newspapers. Income is distributed half-yearly on 1st January and 1st July net of basic rate tax. The offer price includes the initial management charge of 3%, and there is a half-yearly charge of 1%, plus VAT. Commission at 1% is paid to authorised agents, but not in respect of Barclaycard purchases. You can sell back units on any business day at the bid price ruling when your instructions arrive. Payment will normally be made within seven days of receipt of the renounced certificates. Managers: Barclays Unicorn Limited, Member of the Unit Trust Association, Trustee: Royal Exchange Assurance.

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To: Barclays Unicorn Limited, 252 Romford Road, London E7 9JL.

Surname (Mr., Mrs. or Miss) _____ Forenames in full _____

(BLOCK CAPITALS PLEASE)

Address _____

Lump Sum Investment ☐ I/We wish to invest £ _____ in units of Unicorn America Trust and enclose a cheque for this amount.

If you wish to purchase these units through your Barclaycard account please fill in your Barclaycard number here _____

If you want your net income automatically re-invested please tick here ☐ Agent's VAT No. _____

I/We understand that units will be bought for me/us at the offer price ruling on day of receipt of this application. A contract note showing the number of units purchased will be sent to you. Certificates will be posted within six weeks. I/We declare that I am/we are not resident outside the Scheduled Territories nor acquiring the units as the nominee(s) of any person(s) resident outside those Territories. If you are unable to make this declaration, it should be deleted and the form lodged through your bank, stockbroker or any other authorised depository. In the case of joint applications all must sign. This offer is not available to residents of the Republic of Ireland.

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Regular investment with Life Assurance and Tax Relief. If you want details of the Barclays Life Assured Savings Plan, investing from £10.30 per month, please tick here ☐

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TARGET PACIFIC

INTRODUCTORY
OFFER
CLOSING
27.10.78

A growth area with outstanding potential

Target announces a new fund to invest in the shares of companies operating in the Far East. This fund will be suitable for investors wishing to diversify their capital to cover countries such as Japan, Australia, Hong Kong, Singapore and Malaysia.

Outstanding Investment Potential

Target believes the Far East and Pacific to be an area where great economic expansion is likely to take place over the next few years. The major countries in this area enjoy increasing productivity, relatively low rates of inflation and firm currencies. China's increasing trade with the West should benefit HONG KONG, her major port, and JAPAN who is China's closest supplier of goods and technology. The momentum of MALAYSIA's expanding economy continues largely through her wide range of minerals and raw materials. AUSTRALIA'S vast mineral resources are again attracting renewed investor interest as the economic and political problems are being resolved. And finally, SINGAPORE, a huge trading centre, is one of the most industrious and dynamic countries in the world.

Capital Protection Through Portfolio Spread

Overall Target feels that the Pacific is an area in which investors should have an interest. There exists no easier nor more efficient way of doing so than through a unit trust like Target Pacific Fund with its inherent wide spread of investments which the individual investor of modest means could not achieve himself.

The investments will be chosen from the wide range of sound companies operating in the Pacific for their growth potential. To reduce the effect of the fluctuations in the investment currency premium, a multi-currency loan facility of US \$1 million and backed by sterling deposits has been arranged.

Successful Investment Management

A specialist fund like the Pacific Fund demands specialist local knowledge which the investment managers, Dawney, Day & Co. Limited, have wide experience in obtaining from their many world wide contacts. The performance of Target's specialist U.K. and overseas Funds over the past year is probably the best recommendation to you of Target Pacific Fund.

Target American Eagle ... 3rd in a field of 16 American funds
Target Investment Trust ... top performer in this sector
Target Commodity ... 4th in a field of 9 commodity funds
Source: Money Management and Unitholder—September 1978

Your Capital and Income Return

The major consideration of the investment managers is to seek to maximise the capital return, income being of secondary importance. In order to help achieve this aim we are offering reinvestment units whereby the income is ploughed back into capital to increase the value of the unit. You can, however, have income distributed if you apply for income units.

Your investment should be regarded as long term.

Share Exchange Scheme

Target's simple and cost saving scheme allows you to exchange your shares for units on advantageous terms. Details on request.

Units Are Easy To Buy

Simply complete the application and send it to us with your cheque (minimum investment £300) before 27th October, 1978 to obtain reinvestment units at 33.5p or income units at 30.1p. Current estimated gross annual yield—0.72%.

Remember the price of units and the income from them can go down as well as up.

OFFER CLOSING 27th OCTOBER 1978

TARGET TRUST MANAGERS LIMITED (Dept. T.O.)
Target House, Gatehouse Road, Aylesbury, Bucks, HP19 3EB.

I/We wish to invest £ _____ in Reinvestment units at 33.5p or Income units at 30.1p (minimum £300) of Target Pacific Fund and enclose a cheque made payable to Target Trust Managers Ltd.

Delete whichever is not applicable:
I/We declare that I am/we are not resident outside the Scheduled Territories and I am/we are not acquiring units as the nominee(s) of any person(s) resident outside these Territories. This offer is not available to residents of the Republic of Ireland.

Signature(s) _____ Date _____
If there are joint applicants all must sign and attach names and addresses separately.
PLEASE WRITE IN BLOCK LETTERS—THE CERTIFICATE WILL BE PREPARED FROM THIS FORM.

Names in full (Mr/Mrs/Miss) _____
Address _____

Please let me have details of Targets Share Exchange Scheme ☐ Timed Investment Scheme ☐ Monthly Savings Scheme ☐ Do you already hold Target units? YES/NO.

Target Trust Managers Limited
Reg. in England No. 847464 at
Target House,
Gatehouse Road,
Aylesbury, Bucks.

Target Pacific Fund

Total Funds under management in the Target Group £120,000,000

YOUR SAVINGS AND INVESTMENTS 2

No legal responsibility can be accepted by the Financial Times for the answers given in this column. All inquiries will be answered by 5.00 p.m. on the day of publication.

9.3% per annum paid quarterly

+ GROWTH PROSPECTS

Why all equities?

Schlesingers' Extra Income Trust offers one of the highest returns currently available from a unit trust invested only in ordinary shares.

A still higher yield could be obtained by including some fixed interest investments, but such investments cannot increase their dividends and also have less potential for capital growth.

The all-equity Extra Income Trust maximises the potential for growth of both capital and income.

A current opportunity

By careful selection of sound stocks including attractive recovery situations and well-researched regional equities, Schlesingers' Extra Income Trust provides a particularly high equity-based yield from a diversified portfolio of mainly smaller companies.

However, the growing relative attraction of ordinary shares with very high yields suggests that such yields may not be available to new investors indefinitely.

We therefore recommend immediate investment at the current, high rate of return to gain the potential of capital appreciation.

Since the Trust's inception in May 1977, the unit price has risen 31% and the FT Actuaries All-share Index 22%.

PIMS—a unique service

Minimum investment in the fund is £500. Investors of £2,500 or more will receive Schlesingers' Personal

Investment Management Service (PIMS), including portfolio reports and valuations, invitations to meetings and investment/financial planning advice if required. You should regard your investment as long-term.

Quarterly dividends

An investment of £500, based on the current estimated gross yield, is expected to produce £46 gross income per year, or £31 net of basic rate tax; and an investment of £2,500 is expected to produce £232 gross or £155 net per year; payments are made quarterly.

Payments are made on March 1st, June 1st, Sept. 1st and Dec. 1st, starting March 1979 for new investors.

A fixed price offer

Units are on offer at the fixed price of 12.7p xid for investments received by November 1st. The offer will close before November 1st if the actual offer price varies by more than 2% from the fixed price. In this event units will be available at the price then ruling.

Remember that the price of units, and the income from them, may go down as well as up.

Schlesingers manage over £100 million of private, institutional, and pension funds.

General Information: To invest in the company, please complete and return this form to: Schlesingers' Extra Income Trust, 140 South Street, Dorking, Surrey, GU10 1AA. Tel: 01304 25444. I wish to invest £... in the Schlesingers Extra Income Trust at the fixed price of 12.7p xid. I wish to have my dividends re-invested. I would like further information, including details of Share Exchange. A cheque is enclosed, made payable to Midland Bank Ltd.



Schlesinger Extra Income Trust

An unenforceable covenant

BY OUR LEGAL STAFF

I sold an upper flat freehold to A. The conveyance contained a covenant to insure the floor against noise. Nothing was done about the insurance and A sold the flat to B and then B to C. The tenant in the lower flat now complains about the noise from above. What can be done about this situation?

As the covenant imposed is a positive covenant and the flat was sold freehold there is no means of enforcing the covenant against a person who has bought from the original purchaser. If the conveyance to the original purchaser contained a covenant to insure a fresh positive covenant in any conveyance on, you may be able to sue on that covenant, but otherwise there is no remedy save for any claim the tenant of the lower flat may be able to pursue in nuisance.

your borough library. A copy can always be purchased through law stationers or a law bookshop. The case which you mention is not concerned with a cheque or with defamation, but only with a creditor's claim to have a garnishee order on a bank account in which the debtor's husband had an interest. You may be looking for cases like Allen v. London County and Westminster Bank Limited (1915) 112 L.T. 899. An Irish case in 1950—Pyke v. Hibernian Bank Limited—also demonstrates the liability for defamation if a cheque is wrongfully marked "Refer to drawer."

Not liable to tax

In 1963 I purchased a house for £2,350, modernised it and sold it to my brother in 1964 for £2,500, the market price. My brother did not have the legal fees, deposit, etc.; therefore the deeds remained in my name. In 1973 my brother obtained a mortgage and I got my £2,500 less expenses. I told the Inland Revenue of this deal in 1963. However, they insist that I owe £200 capital gains. Could this be correct given these facts?

It is a pity you did not give us more precise facts, as this answer must be based on a fair amount of guesswork.

If the contract for the purchase of the house (for £2,350) was signed on or before April 9, 1962, then you do not appear to have any tax liability—on the bare facts given.

On the other hand, if the purchase contract was signed on or after April 10, 1962, you appear to have an income tax liability for 1963-65 (or for 1963-64 if the sale contract with your brother was signed on or before April 5, 1964) under case VII of Schedule D, following the introduction of the income tax charge on short-term gains by section 10 of the Finance Act 1962. However, if no income tax assessment was in fact made on or before April 5, 1971, on the basis of the details which you reported in 1963, it is almost certainly impossible for the Tax Inspector to make

FINANCE AND THE FAMILY

you pay up at this late hour.

You do not say which year the capital gains tax demand relates to, but presumably you have given notice of appeal, within the 30-day time limit. From what you say, we do not see that you are chargeable to capital gains tax for any year, and so we suggest that you tell the Inspector that the capital gains tax assessment should be vacated by reason of section 22(6) of the Finance Act 1965.

(6) The conveyance, or transfer by way of security of an asset or of an interest, or right in or over it, or transfer of a subsisting interest or right by way of security in or over an asset (including a retransfer on redemption of the security), shall not be treated for the purposes of this Part of this Act as involving any acquisition or disposal of the asset.

Dependent relatives

For some years my aged dependent parents have lived rent free in a house I own, which has been financed with the assistance of a mortgage.

I have been claiming interest relief on the mortgage and have also claimed dependent relative allowance, the expenditure on which is claimed being the mortgage interest payments. The interest payments have far exceeded the tax benefit of the interest relief and the £6 per week maximum allowed as dependent relative relief. Do you agree that I am in order to claim both the interest relief and the dependent relative allowance?

The mere payment of mortgage interest (deductible in computing your total income, under section 32(5)(a) of the Taxes Act) in respect of your own property cannot, in our view, properly be described as maintaining each of your parents at your own expense. If you do not actually make £100 contributions in cash or kind to main-

tain each of your parents who is incapacitated by old age or infirmity from maintaining himself (or herself), then, since they apparently do not reside with you (but merely in a house owned by you), you may have to fall back on concession A17 and you may have to repay some or all of the dependent relative relief for past years. If you have not read concession A17, you should ask your tax inspector for a copy of the free booklet of concessions. IRI (with a 1977 supplement).

Lapse of a gift

Three people own a field jointly, left to them by their father. Tom has just died leaving his share "to my two sisters, Annie and Mary, in equal shares absolutely." But Mary (my mother) died three years ago, leaving her share to me (her only child). Does Mary's bequest (a) go to Annie as the survivor of the two sisters mentioned, (b) come to me as Mary's heir, (c) become part of the residue of Tom's estate, which goes to a person outside the family?

Assuming that the three owners of the field held it in equity as tenants in common and not as joint tenants, the bequest by Tom will operate as a gift to Annie alone; as Mary did not survive the testator and the gift to her will have lapsed.

Purchase of a freehold

The builder of the house of which a friend is leaseholder died some time ago and his sons to whom she paid the ground rent have disappeared from their former business premises. What should she do about paying the rent? Could she, at not too great a cost, buy the freehold?

The leaseholder probably qualifies to purchase the freehold reversion pursuant to the provisions of the Leasehold Reform Act 1967. That act has specific provisions and prescribes the form of notice for

Established use claim

I own a field in which I keep a caravan. The council have just notified me to remove it. Am I right in supposing that after four years I have established a right to keep it where it is? There is no longer any such right as you describe. Non-conform use could become an established use if persisted in for four years prior to January 1, 1982. If a part of the four year period falls after that date no claim established use will lie.

An executor's account

I am the sole executor of a will of a relative and estimate I shall have to pay several thousand pounds CTT on the estate. The various banks, building societies where money belonging to the estate is held have been sent copies of the will and they have replied saying that on sight of your probate they will release funds to me. I have opened an executors account at a local bank, and as I wish to avoid the expense involved in borrowing the money to pay my duty, can I insist that money be paid into this account by various institutions before probate?

We see no reason why you should not do as you suggest however, you can in any case either endorse cheques over pay money in to your executors account if payable or paid to some other account in the instance.

TAXATION

DAVID WAINMAN

Self-employed joys

THE SELF-EMPLOYED are going to be assessed on a current year basis. This information has not yet been made public, but everyone knows that it is so. The "preceding year" basis, under which tax assessments for a fiscal year were based on profits of an earlier period, is to be chopped.

Everyone knows: but their knowledge seems to be based on an extreme shortage of facts. All that the public record shows is that Sir William Pile, Chairman of the Board of Inland Revenue, told the Public Accounts Committee in March that his experts were studying whether the existing assessment basis could be changed, and that he hoped to be able to give advice to Treasury Ministers in the autumn.

What had prompted the Public Accounts Committee to invite him to attend then was an earlier comment made by the government's audit watchdog, the resolutely titled Comptroller and Auditor General. He was struck by the fact that thirteen major partnerships whose accounts and tax computations he examined, had paid tax on only 73 per cent of their profits over their life cycles. The Public Accounts Committee did not think that this was good enough, and their recommendation was that Sir William should bring to a speedy (and successful) conclusion the studies he had disclosed—that assessments for all should be based on current profits.

Many commentators have focussed on to the question whether the self-employed really enjoy any delay in paying their taxes. They pay tax in two instalments on January 1 and July 1 every year. A new business starting up, or a new partner joining an existing firm, does not have any 18-month or so tax holiday: all that happens is that tax is based on profits which may have been earned to a date 18 months earlier. If the business was then in existence on or current profits if it was not.

If one is on scarcely defensible ground, it is usually helpful to divert one's attacker with some metaphysical argument of this kind. Unless he is very singleminded, he may allow himself to be drawn into an argument about the moral rectitude of governments who allow inflation, and the rectitude of taxpayers who mitigate their damage by paying taxes based on old, and less inflated, profits.

But the key phrase used by the Comptroller and Auditor General was "life cycle." He had looked at various partnerships which he had seen being treated as having a beginning,

TABLE 1				
Accounts year to	Profits £	Year of Assessment	Assessable Profits £	
30/6/74	91			
30/6/75	100	75/76	91	Accounts ending in preceding fiscal year
30/6/76	110	76/77	118	Actual profits April 6, 1976-April 5, 1977
30/6/77	131	77/78	130	Actual profits April 6, 1977-April 5, 1978
30/6/78	133	78/79	33	Actual profits April 6, 1978-June 30, 1978
		78/79	110	Actual profits July 1, 1978-April 5, 1979
30/6/79	146	79/80	146	Profits for 12 months from commencement
		80/81	146	Accounts ending in preceding fiscal year
Total	£701		£774	

TABLE 2		
75/76	£91	as before
76/77	152	£118 increased by three quarters of £46
77/78	142	£130 increased by one quarter of £46
78/79	33	as before
79/80	75	£110 decreased by three quarters of £46
80/81	100	£146 decreased by £46
	£693	

a middle and an end. No one would deny that they all started somewhere, and many of them feel today in greater danger than ever before of coming to an untimely end. But even the most ongoing firm is treated by the tax inspector as ceasing and recommending every time there is a change in the partners constituting it—unless they themselves choose to ignore the change and be treated as continuing.

Partnership changes therefore present the opportunity of having a "cessation" for tax purposes. Given an appropriate pattern of profits immediately before and after the change, the firm achieves a tax benefit, and the Inspector can do nothing to prevent it.

Recognising the right date for a cessation is a real skill, but one which is not as complex as it is sometimes made out to be. It requires a basic understanding of the assessment rules for the opening years and for the closing years of a business, but little more.

profits amount to £150.

● In the "new" partnership the profits for the year to Jan 30, 1979, are assessed to three-quarter times, so that a "extra" £256 of profits had been "created" for assessment purposes.

● The difference between the saving of tax on £183, and the penalty on £256, is the net advantage of the cessation—£73. This figure shows the difference between the colour totals in table 1.

Assessments on a cessant basis are advantageous when the "doubly assessed" profit are sufficiently low that the penalty attaching to them is less than the advantage of earlier profits which fall out of assessment. Consider for instance, what would be the position had the profits to Jan 30, 1977, been £48 greater, at those to June 30, 1978, less the same amount. The assessments would then have been shown in table 2.

Since the penalty of double assessment is now only £17 while the non-assessed profit remain unchanged at £183, it can be seen to be a significant advantage out of having cessation.

In any middling to large firm it can be expected that a jointment, death, or admission of new partner will present cessation opportunities every year. If the profit partners do not look right, the partners in an election to be treated as continuing, and the assessment stay on a previous year basis unaltered. Whenever the pattern of profits presents the opportunity, the partners sit on the hands, and the Inspector has to wait for the cessation to date. However, the significant factors are:

● Since the penultimate and explained all this to the Public Accounts Committee, and the "old" partnership, 1978, were conscious, and vexed, the 1977 and 1978-79, are based on the law had decreed this since the actual profits made in those 1977, without either Parliament or Sir William and his predecessors feeling it necessary to alter not assessed at all. These it.

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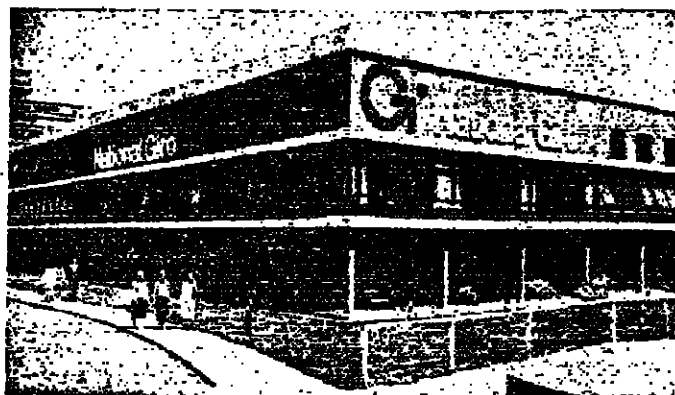
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YOUR SAVINGS AND INVESTMENTS 3



Bootle HQ: faceliftiness is the problem

Two-timing your bank

THE POST OFFICE National Giro is 10 years old this week and trying harder than ever to look like a fully fledged bank. But is it a realistic alternative to the big banks? Probably not, unless your banking needs are very basic. A Giro account may, however, make sense if you run it in tandem with an account with another bank, particularly if you cannot be bothered to keep within the financial strait-jacket most banks now impose on customers seeking free banking.

Despite the plumage Giro has sprouted over the years—deposit accounts, bridging loans and even an embryonic form of overdraft have recently been added—it is still stuck with the same problem it started with, faceliftiness. But its strengths too are ones it had from the start: it is an efficient machine for transmitting money and but is sometimes 10p. You can customers get the benefit not only in low charges but in convenience.

As a Giro customer, I can vouch for the system's advantages in dealing with household bills. National Giro—or National Girobank as it prefers to be known these days—takes some getting used to for its workings seem strange to anyone familiar with an ordinary bank account. The accounts of all 600,000 customers are kept at the Giro centre at Bootle. The only personal contact you have with the system is in making cash withdrawals from the Post Office. Most transactions are done by post using Giro transfers, which are the heart of the system and its basic strength.

If you want to pay anyone within the Giro system you can fill out a transfer form and send it direct to the Giro centre where the transaction is completed in a single computer operation. The ultimate instance of Giro's convenience is in paying bills from official organisations. Gas, electricity, telephone, water, used for cash withdrawals at any television licence and rates bills Post Office. For the full service now come with a readymade Giro, you have to pay a flat charge of transfer slip. All you need do £2 a year and have either your is fill in your Giro number and pay credited to your account the date and add your signature, or a standing order of at least £150 a month.

BANKING

EAMONN FINGLETON

Cover for young drivers

ONE OF the problems with children—yours, mine or anyone else—is that, unlike Peter Pan, they grow up. Suddenly, without reasonable warning, they have passed through the 16-year-old scooter barrier and are 17 and wanting to drive the family car. These days of reckoning come to us all and it is as well to take a clear hard look at the insurance problems involved before letting our offspring loose on the roads.

Because insurers offer premium discounts to policyholders who buy cover when driving is restricted to one or two people, there are many, perhaps 35-40 per cent of all private motorists, who from their own choice have driving restricted to themselves or perhaps one other named person. Moreover for good underwriting reasons insurers sometimes restrict driving to specified drivers irrespective of premium discount (particularly do they do this when covering high-powered cars) and so there is a further group of motorists who have no choice unless they can persuade insurers to relax their restrictions.

Either way anyone with a driving restriction on his or her

policy must get that restriction removed before letting son or daughter use the family car. Removal of a voluntary restriction may involve payment of as little as 5 or 10 per cent extra premium, but removal of a restriction imposed by insurers may prove expensive.

If you have a policy which has no driving limitation it is unlikely there is any clause in your policy expressly requiring you to notify insurers that your teenage son or daughter is just starting to drive. But the fact that an inexperienced teenager is to make some use of the car if not positively to have lessons, then to drive after becoming fully licensed—is a positive change of risk, a material fact about which insurers ought to be told.

Following last year's agreement between British insurers and the Government, evidenced by the Statement of Insurance Practice, almost all insurers now remind policyholders by warnings on renewal notices or other documents that renewal is offered on the stated terms subject to the material facts of the risk being the same as previously: if the facts have changed then the policyholder must inform insurers and allow them to revise the renewal terms.

This duty at renewal covers not only past changes which the policyholder has omitted to notify but requires him to look ahead to the real probabilities that arise from certainties in the coming year—such as the 17th birthday of a member of the family.

Maybe when insurers are told they will not appear to be all that interested and in fact will take no action either by asking for more premium or imposing special terms. If so, fine, and the policyholder has the satisfaction of having done his legal insurance duty. If, however, insurers do show interest, do make different terms for the

INSURANCE

JOHN PHILIP

teenager, then clearly the policyholder not only has done his duty but has avoided a substantial potential cause of dispute if the teenager is unfortunate enough to have an accident. It is better for both parent and child to know where they stand at the outset and this is ample compensation for any reduction in cover or payment of extra premium.

In all policies providing comprehensive cover insurers have in-built excesses that deal with young or novice drivers. Most insurers have a two-tier excess for example a £50 excess for drivers up to age of 21 and £25 excess for drivers in the next age group up to 25 or for novice drivers over age 25; these excess levels and age limits vary depending on choice of insurer but I do not think it is normally possible to get an excess free policy or pay premium to get fully comprehensive cover for a 17 or 18 year old.

Incidentally if you have a

sports car or high performance car insured now without any driving restriction, insurers may want to change your insurance onto named driver cover if you introduce a son or daughter: many insurers take the view that while they must accommodate the policyholder's family they prefer not to get involved with junior's friends.

If you take your car abroad on holiday and ask for cover for your young son or daughter you will probably find that insurers will take some underwriting action: for example if you have a comprehensive policy cover may be cut down to third party only while he or she is driving or you may have to bear a substantial accidental damage excess.

Once the young driver gets his (or her) own car the best course is to have the insurance in his name to give him a positive interest in it, to allow him to build up credibility with insurers, to earn his own no-claims discount. The terms that insurers offer for new young drivers insuring on their own account are always more expensive and more restrictive than for mature drivers, but this is one of the insurance facts of life that both young drivers and parents have to face. The parent who misguidedly thinks to "front" for his young, by insuring in his own name should think again, remember the laws on materiality and his duty of disclosure and remember that "fronting" may leave son or daughter unprotected in the event of accident.

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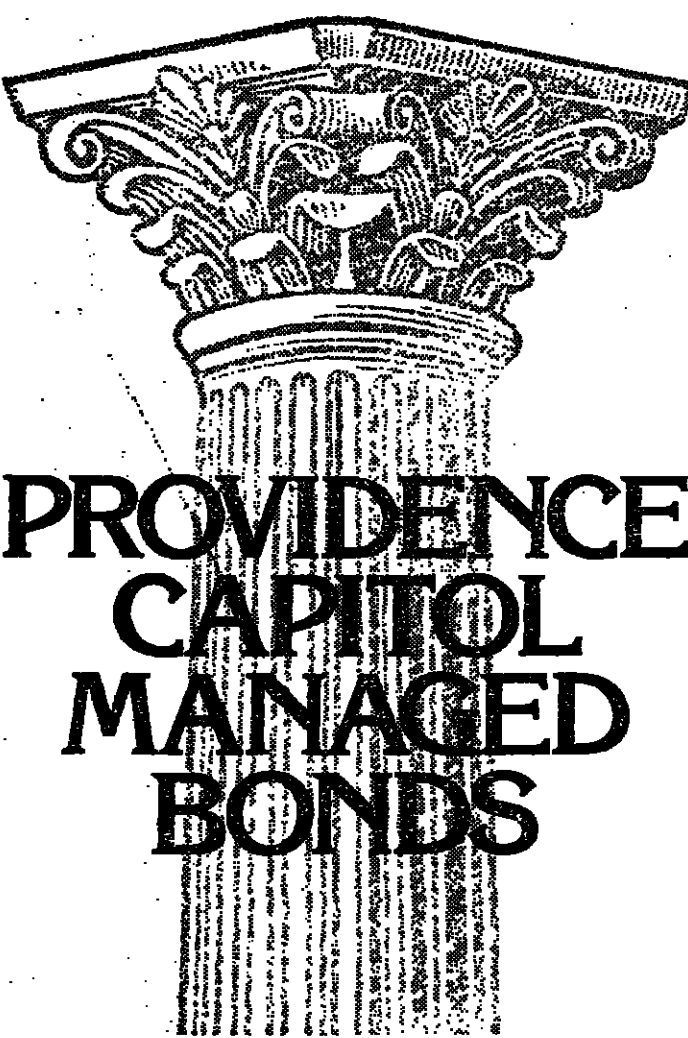
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LEISURE

Long haul to the winter sunshine

BY SYLVIE NICKELS

SOMETIMES in more distant parts of the world, I have heard travellers announce (usually in a tone that allowed for no argument) that one mountain or temple or folkloric festival is really much like another. And I've wondered why they ever bother to travel at all. All the same, it's probably true of many of us that the further we go, the graver the risk of cramming too much in, completely missing out on the subtleties of places in the process. Time to stop and stare is even more important in a totally ethnic setting, and so is a little preliminary reading (for which we only think we haven't time).

That said, the most important practical considerations for most of us are cost, climate and precisely what we want for our money. Climate, as I have said before, is something on which most of our operators should enlarge much more than they do.

Average temperatures do not indicate humidity or strong winds, for example. Last winter, I met a woman suffering from emphysema in the balmy but humid parts of the Caribbean who was obliged to spend most of the time in her air-conditioned room. It is easy to forget, too, that there can be considerable variations from one part to another of huge areas that we tend to lump together, like the Caribbean or the Far East. National tourist offices can (or should) have proper detailed information.

By cost, I do not mean the obvious one of any given tour which is there for all to see (providing you follow the symbols through to the small print), but the cost of extra meals, sight-seeing, having fun, which may make a cheap tour much less of a bargain, and an expensive one much better value, than at first sight. I'm sorry if this sounds obvious, but I have heard too many moans about local costs—usually from people who insist on taking their die-hard habits with them—to ignore the basic fact that money matters to most of us. Thus, if you book on half board terms, a common feature of long haul tours, you manage very much more economically if you enjoy ex-



Two ways of relieving the British winter glooms: dancing lessons from Kenyans and pistol practice from a Texan sharpshooter.



perimenting with local fare. A lot of us, however, are much less adventurous than we like to think.

So what's new among some of the long haul operators this winter? As single travellers will know only too well, they usually have to pay heavily for the privilege of their status. For them there is good news from several travel firms, including Thomas Cook.

They are offering savings of up to £170 by eliminating single room supplements at certain periods in the Seychelles, Bermuda, Antigua, St. Lucia and Kenya. Their New Deal sounds sensible, too, by which those who do not take up their full cash entitlement for table d'hôte meals can use the remainder to settle bar bills.

Like several other operators, Cook's feature a selection of two-week holidays for the price of one, or three weeks for the price of two for selected hotels and dates. Rankin Kuhn were probably the first to start these some years ago, this winter applying them to various parts of the Caribbean, East and South Africa. Indian Ocean Islands and Thailand. I have always found this company one of the best on climate guidance as well as spelling out the pros and cons of different destinations. For honeymooners they guarantee superior rooms in a number of hotels and odd extras, like a bottle of champagne in the Seychelles or rum in Tobago.

Among Kuoni's new benefits in some hotels is a year-round

20 per cent discount on food and drink costs paid locally—of special value for those on a b-and-b basis. South America and the Far East are two of their long-established fields of operation. In terms of longevity, though, no one can beat Cox and Kings who this year celebrate their 220th anniversary of operations in India (yes, that's 1758). Their new India selection has some interesting circuits, such as the combine of South India and Rajasthan, and a one-off 23-day Art and Architecture Tour of Central India departing 20th January, 1979, led by Penelope Chetwode (Lady Betjeman).

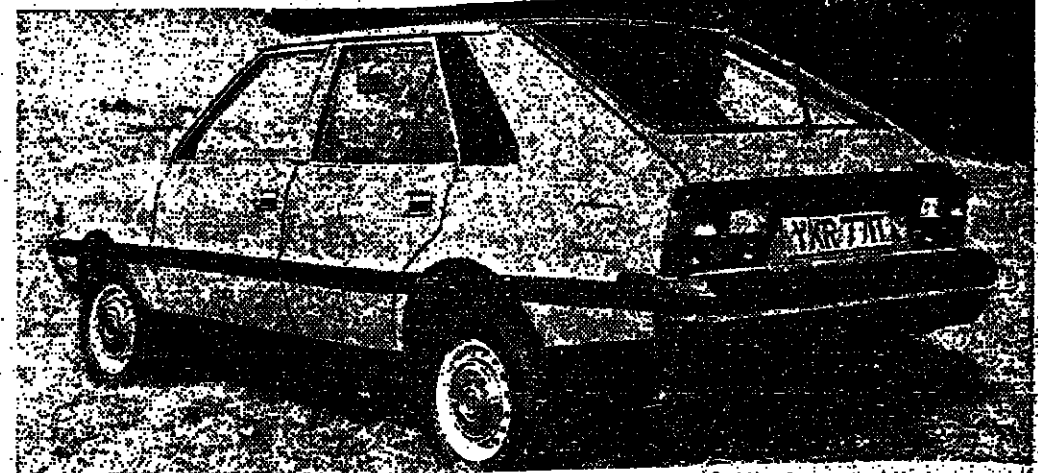
Cadogan Travel have produced their first separate Bermuda programme, featuring guest houses and self-catering

flats as well as hotels. This cosy and verdant corner of the world is a strong favourite among those who bear in mind that here the climate is more Mediterranean than Caribbean. British Airways' Speedbird selection is especially strong on Kenya, the Far East and North America, the latter including fly-drive packages from seven nights upwards, with unlimited mileage and accommodation vouchers out of New York, Miami, Los Angeles and San Francisco.

Blue Sky Holidays this winter launch their first long-haul programme to North and South America, East and West Africa. Texas features strongly, using sister company British Caledonian's services to Houston. A Texas Ranger 7- or 14-night self-drive arrangement, for example, covers car, 150 free miles a day and accommodation vouchers at any of 267 Motor Inns; and there are ranch holidays with all the appropriate activities.

When it comes to the special interest tour, Swan Hellenic have brought things to a fine art in nearly a quarter-century of operation, radiating to most points of the compass. Their 24-day Art Treasure tour to Mexico and Guatemala, for example, has two departures early in 1979: their 17-day Big Game and Birds Safaris to Kenya score a dozen departures through the winter. All are accompanied by guest lecturers.

Further information: Thomas Cook, Thorpe Wood, Peterborough, PE3 6SB; Rankin Kuhn, 19, Queen Street, Mayfair, London, W1X 8AL.



The Polonez, styled in Italy but made in Poland. This five-door family hatchback goes on sale here early in the New Year at £2,999.

Betting on the Show

YESTERDAY, the first of a hoped-for minimum 750,000 Motor Show visitors went through the turnstiles at the National Exhibition Centre, Birmingham. They were confronted with a glittering and spacious display of anything and everything to do with motor transport, arranged with the flair and sheer showmanship that it was impossible to achieve in the cramped confines of Earls Court.

There has never been a motor show like it in Britain before. On display are 328 cars from 15 countries, 223 commercial vehicles, scores of motor cars, vans and every kind of component and accessory from truck axles to stereo players. If the mass of vehicles becomes oppressive, there are open-air diversions like fireworks displays, parachute drops and water skiing on the NEC's lake. Birmingham may or may not have fleshpots to match the capital's, but try arranging that kind of outdoor extravaganza in London, SW5.

But for most showgoers, it is the cars that count. Pininfarina, the Italian stylist and coachbuilder, has chosen Birmingham as the launch pad for a striking soft-top sports two-seater based on the Jaguar XJS and continuing the tradition started by the Jaguar E-type of blessed memory. Though strictly a prototype, Pininfarina sees the car as a potential means of adding lustre to BL's image in

export markets like the USA. Features include the obligatory safety roll bar, squashy front and rear ends like those of the Porsche 928 that regain their shape after minor accidents; and digital instrumentation.

At a more down-to-earth level, Fiat are showing the Ritmo, their new front-wheel-drive family hatchback that is due to go on sale here by the middle of next year. The Italian industry is taking the Birmingham Motor Show very seriously; another model making its world

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Though Chrysler's Horizon went into the showrooms last week, it will attract a lot of attention from visitors to the NEC who may be inclined to ponder its similarities with the Fiat Ritmo. The Citroën Visa made a last-minute appearance at the show. Originally Citroën had not intended to display it because British sales are not due to start until next autumn.

HOW TO SPEND IT

Name dropping

ALWAYS used to think that the famous Christmas-time popular figure of the "man who has everything" was a myth, an invention of the media. The men in my life always seem to be short of almost everything so it's never been my problem but I now have a friend who has been searching desperately for something to give the man in her life who has, wouldn't you know, everything (or almost).

If you are very inventive and know him really well you can presumably find the one truly original present which is so precisely right for him that no stranger, and certainly no page like this, could possibly have hit upon it. If you're less inventive, or he's so sceptic that his wants are rather few, then he answers, perhaps, lies in something personalised.

In her search for something original that doesn't cost too much (for she is rather poor)

she has been researching into the subject of glassware to be engraved with something personal—in this case she's ordered a ship's decanter and some matching tumblers, all to be engraved with the name of his yacht!

I thought at first that she was being quite extraordinarily efficient in doing all this so early but anybody who wants to give this kind of present does need to do it now—by the time catalogues have been ordered and arrived, and the engraving carried out, Christmas will be almost upon us.

Here for those who might like to arrange something equally special and individual (after all, even men who don't have everything may appreciate something so obviously specially for them) is a list of just some of the firms who offer this service. Next week I'll look into the subject of other personalised presents, all of which will also have to be thought about and ordered well in advance.

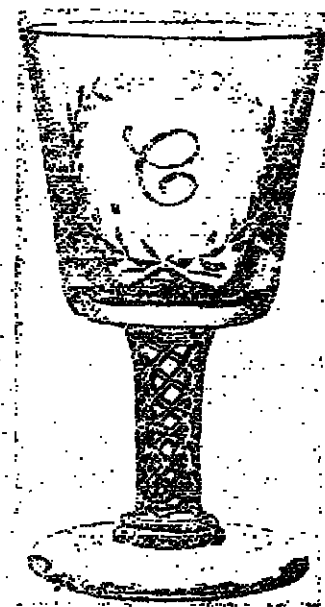
MULBERRY HALL, Stonegate, York YO1 2AW, specialises in selling by mail a smallish collection of very exclusive bone china and crystal. They also sell rather special

collectors' items and limited editions and they offer as well a limited service of glass engraving.

The particular glass photographed left is of a simple traditional design featuring the famous Stuart artist's stem. It is 5 1/2 ins high. Orders normally take 12 weeks but Mulberry Hall have promised us that the first 100 orders received will be dispatched within six weeks of the day of receipt. Only simple engravings like initials or emblems can be ordered. The glasses are £13.75 each, with one engraved initial.

The basic range they offer to engrave is small, consisting of the goblet photographed, another 5 inch-high goblet (of which they have a large number, engraved with simple initials, in stock so anybody in a hurry can be sure of a quick response to an order), a beer tankard and a brandy goblet.

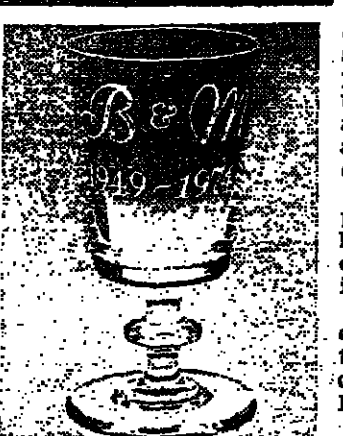
If you want to order, write to the address above for the catalogue, which is free.



ENT GLASS, Rischill Mill, St. Sedburgh, Cumbria, not only produces an exceptionally wide range of simple glasses but also welcomes any visitors to one of the Yorkshire dales, at five miles from exit 37 off the A66, it sounds like a lovely area for anybody living in an area or passing through.

Orders usually take three weeks, though for a small extra they run a special seven day service by which they guarantee dispatch your order to you by a class letter post within ten days of receiving it—though don't push your luck too far by leaving it until the week before Christmas.

The leaflet is small and simple but beautifully produced and mirably clear. I liked the very simple shapes—the sturdy Pen 12 oz tumbler, the elegant 12 oz tumbler, the St. Sedburgh plain white wine



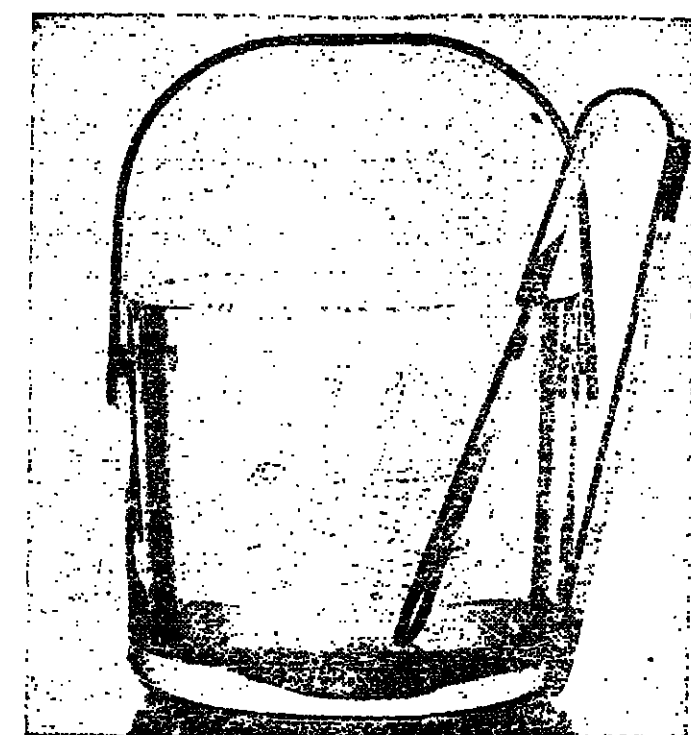
glass and the Wharfedale goblet, are particularly attractive to my mind.

Dent offer a standard range of letterings and signs of the zodiac but they do really care about the art of engraving and

are delighted to take on any special orders. You can send a photograph or any other illustration of house, dog, coat of arms or whatever and their artists will work out a suitable design.

Don't worry if you can't draw properly—if their designers have any difficulty they will either write or telephone to sort it out.

Some of the glass is of high quality, heavy lead crystal, but there is a choice of other, cheaper glass, all clearly labelled in the catalogue. The cheaper special value purchases start at £5.75 for a 4 oz goblet with one initial. In the photograph is a goblet called Lane which is 6 inches high and with two initials and the date (as in the photograph) it would cost £15.75 (plus 90p p+p). Their plain whisky tumblers are £7.15 with one initial.



LESLIE CREASEY of 121 London Road, Knebworth, Hertfordshire, has one of the largest ranges of standard designs and letterings from which to choose and his lead crystal so prices are not illustrated booklet is one of the best. For a catalogue just write to Leslie Creasey at the Hertfordshire address: there is no need to include a stamped, addressed envelope. On November 20 he will be opening a London showroom at 64a South Audley Street, where the whole range will be on display. In the meantime you can see the complete range at the retail shop at Knebworth.

The collection of standard designs he offers (all of which are shown clearly in his catalogue) include a selection of birds of all sorts, dogs, horses, cats, wildlife, flowers, sheep, insects, emblems, sports and signs of the zodiac.

Besides the standard glasses and carafes that most of such but if you want to order for firms will engrave, Leslie Creasey offers a few more order NOW.

Orders normally take 28 days and carafes that most of such but if you want to order for firms will engrave, Leslie Creasey offers a few more order NOW.



ALGERNON ASPREY, 27, Bruton Street, London W1 has currently an exhibition of the work of David Mandel-Roxby. He specialises in glass engraving and has done some very splendid and important commissions, including some for the Queen, and many illustrious collectors have lent pieces for this exhibition.

His work is in rather a different category from that of the other people so far mentioned, in that it is an art-form, in that it is an expensive in that prices start at £200 and go on up to £7,000. Much of his work is very elaborate, so much so that it has proved impossible to photograph well enough to

show on this page. I recall in particular a complete scene of a large house in Bermuda and its immediate surroundings all engraved onto one glass. There is also a lovely goblet with a clipper in full sail and, my favourite, a thank-you letter written round the stem of a glass.

There is no catalogue to send for. If you wish to buy one of the ready-made pieces on sale or to place a commission you must go along personally to Algernon Asprey before October 27.

HARRODS of Knightsbridge have started a special service in their glass department which transfers a photograph onto any drinking glass or goblet. You can either take in your own glass or buy one of Harrods own goblets. The photograph should preferably be black and white, the glass must be plain and not cut. The process, which is not engraving, takes between ten and 14 days and costs £30 if you supply your own glass or from £34.50 (depending on the glass you choose) if you buy one from Harrods.

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by Lucia van der Post

Luscious livers

BY PHILIPPA DAVENPORT

AT BETWEEN 50p and 60p per pound, chicken livers are not only delicious but excellent value for money. There is little wastage and preparation is quick and simple: rinse the livers, cut away yellowish-green

hile and stringy white bits, and pat dry carefully. Only a few livers are needed to make a luxurious omelette or gougère and pastisio recipes. They also make delectable pâtés and titties to serve on croûtons of fried exactly the same ways.

CROSTINI DI FEGATINI serves 24

An admirable and very quickly made dish which will serve 4 as a first course or 2 as a lunch dish, in which case serve also a good salad such as Caesar Salad.

1 lb chicken livers, 2 oz Parma ham, 1 1/2 tablespoons well seasoned flour, 3 oz butter, 1 tablespoon olive oil, 4 thick slices of bread, 2 tablespoons lemon juice, 2 tablespoons well flavoured chicken stock, 2 tablespoons

finely chopped parsley. Cut the bread into rounds about 3 ins across, using a tea-cup as a template. Fry until golden in the olive oil and half the butter. Drain well and keep warm. Cut the prepared livers into fairly small pieces the size of small pieces of the ham and dust lightly but thoroughly with seasoned flour. Cut the liver into tiny strips. Melt the remaining butter in a sauté pan over moderately low heat. Add the livers and

olive oil and about 1 1/2 oz of the croûtons. Add the wine to the livers and golden the pan, scrape the pan well and on the outside but still soft bring to the boil. When the in the centre. Drain well and wine has bubbled down to a keep warm. Melt the remaining sticky sauce, add the peeled and butter in a sauté pan over medium-high heat. When very hot add the livers and sauté, ring over very gentle heat for turning occasionally, for about a minute or two until the grapes are heated through. Pour over 3 minutes. Lift them out of the pan with the livers and serve immediately.

CHICKEN LIVER GOUGERE serves 4-6

This is a good dish for a party. The filling can be made well ahead: the choux pastry needs to be made just before cooking but it takes no more than 15 minutes to make and assemble the dish for the oven.

For the filling: 1 lb chicken livers, 8 oz button mushrooms, 2 onions, 1 garlic clove, one 14 oz can of tomatoes, 2 oz butter, salt, pepper and lemon juice. For the choux pastry: 3 1/2 oz plain flour, good pinch each mustard powder and cayenne, 3 large eggs, 3 oz butter, 7 1/2 fluid oz water, 1 teaspoon salt, 2 oz grated Parmesan cheese, 1-2 oz mature Cheddar cheese cut into tiny dice.

Melt half the butter in a frying pan over medium-high heat. When very hot add the prepared chicken livers and sauté for about three minutes until sealed and well browned all over. Remove with a slotted

spoon. Add remaining butter, clean. Crack the eggs into a bowl and break up the yolks lightly with a fork. Add all but to be made just before cooking sliced mushrooms. Fry hard, a tablespoon or so of the beaten turning occasionally, for five minutes or so. The paste and beat in very thoroughly. The should look glossy and smooth; if too dry, beat in the remaining egg. Add the cheeses and sauce has reduced and is fairly thick. Remove from the heat, stir in the chicken livers and season to taste with salt, pepper and lemon juice.

Sift the flour, salt, cayenne and mustard powder on to a sheet of greaseproof paper. Put the butter and water into a pan. Place over low heat until the butter has melted, then bring quickly to boiling point. Remove from the heat, shoot the dry ingredients quickly into the pan and immediately beat vigorously with a wooden spoon.

Beat until the mixture forms a smooth ball of paste which leaves the sides of the pan and soggy.

PASTISSIO serves 4-6

Another good dish for an informal buffet supper—a cross between lasagne and macaroni cheese. Everything can be cooked well ahead and reheated when needed.

5 oz macaroni, 2 oz butter, 1 1/2 oz plain flour, 1 pint milk, 1 pint natural yoghurt, nutmeg, salt, pepper, 3 1/2 oz grated Parmesan, 3 tablespoons white breadcrumbs. For the filling: 1 lb chicken livers, 4 lb streaky bacon, 1 1/2 oz butter, scant 2 teaspoons flour, 1 pint red wine, thyme, marjoram, salt and pepper.

Make a white sauce with the butter, flour and milk. Season with a good grating of nutmeg, salt and pepper. Away from the heat, blend in the yoghurt, then stir in the freshly cooked and drained macaroni.

Melt the butter over medium-high heat. When hot add the prepared livers and sauté for three minutes to seal and brown. Reduce heat to low and cook for a further one-two minutes. Lift out with a slotted spoon. Add the bacon to the pan, sprinkle on the flour, pour on the wine and simmer, stirring, until the wine has bubbled up and reduced to a thickish sauce. Away from the heat season with salt, pepper and a good pinch each of thyme and marjoram. Stir in the chicken livers cut up into medium-sized pieces.

Spread half the chicken liver mixture over the bottom of a dish, cover with half the macaroni and sprinkle on half the Parmesan. Repeat the layers, this time mixing the Parmesan with the breadcrumbs.

Bake at 375F, gas mark 5, for one hour to reheat and give a golden brown finish.

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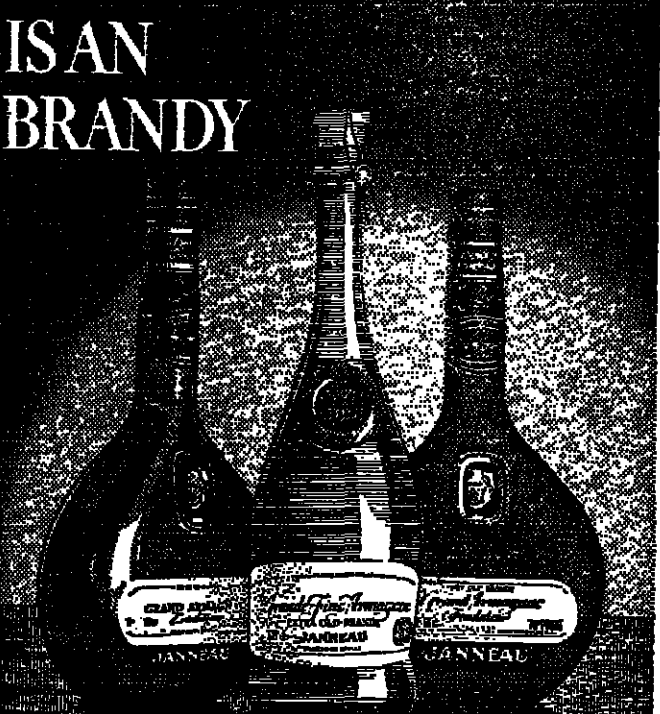
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ARTS

Gascoyne and Joyce

Critics Forum (Radio 3, October 14) gave a terrible pasting to David Gascoyne in his review of the BBC's *Gascoyne* (Radio 3, October 11). The BBC must be the only organisation in the world that pays people for knocking its own products in public and provides them with the opportunity to do so. Three cheers for integrity! Well yes, but it can also get very tiresome when all three members of the panel seem to have simply loaded the programme they are considering, and to share between them and their chairman a fair measure of ignorance about its subject.

That was the case last Saturday. Unfortunately I happen to agree with them that it was a rather bad programme. Where I differ is over the impression they gave that it was bad because

RADIO

ANTHONY CURTIS

Gascoyne is a bad poet. On the contrary I think he is a brilliant, original, and profound poet; one of the very few modern English poets whose work presents a truly coherent view of the world and one of blinding originality. What we needed was a programme which would have elucidated his work and shown its kinship to the French and German writers who have had such a lasting influence upon him; his poetry has always been notable for its response to Europe and what was going on there.

What we got from the programme was little more than a poetry-reading with chronological links spelled out by Douglas Cleverdon, the programme presenter. Cleverdon was, of course, one of the producers, much concerned with poetry in the old Third Programme days. Besides commissioning *Under the Wood* from John Thomas he persuaded Gascoyne to write *Aspidochelone*, a kind of *Waste Land* for several voices—especially for radio. We heard some extracts from Cleverdon's 1955 production of this work with the resonant presence of Robert Harris as the main speaker. But on the whole Cleverdon seemed too close to the poetry to get it into any kind of focus for today's Larkin-locked listener for whom it is purely historical: Gascoyne sadly has published almost no poetry since *Night Thoughts*.

The occasion for the pro-

gramme seems to have been the recent discovery and publication of a journal previously believed lost which Gascoyne kept for two years before the second world war when he was living mainly in Paris (David Gascoyne: *Journal 1937-1939* Enitharmon Press, £3.95). For a young man of 23 it shows a remarkable self-awareness and maturity of expression in spite of the black anguish not uncommon at that age, and it shows in addition a clear commitment to the poet's calling. There is also, as Lawrence Durrell says in his preface, "a vivid portrait of Paris as it was—something with hope and despair—just before war came and dispersed us all." Amidst the poetry read by Frank Duncan a couple of passages from the journal are spoken in the programme by Gascoyne himself, but it was not really used to much effect.

This was a pity because the journal reveals that even then Gascoyne was ceasing to be interested in surrealism whose technique of disconnection he had used in his early poems—his first book *Roman Gascoyne* was published when he was 16—and was working out for himself intellectually as well as experiencing spiritually a form of Christian existentialism. For the full statement of that position in prose one needs to go to Gascoyne's essay on Leon Chestov, the Russian philosopher and critic, published in *Horizon* in October, 1949, and so far as I know never reprinted. More accessible was his essay on the "New" sustaining his poem of the 1950s on the death of Paul Eluard. This was the only poem read by the poet himself and for me at least it redeemed the programme.

There is a "desperate honesty" about Gascoyne's work, a refusal to settle for facile forms and rhythms, but it does even at its most tortuous possess a haunting eloquence.

What it lacks is satirical bite or humour. Gascoyne fails when he wishes to attack contemporary life, as in *Night Thoughts*. In two 30-minute poetry programmes, *Proud Pursuivants* (Radio 3, October 15) and *The Curse of Moses* (Radio 3, October 19), Terence Tiller has been arguing a fascinating case for James Joyce as a fierce iconoclast poet. You will not find these satirical poems, such as "The Holy Office" and "The Gas Burner," in Joyce's slim volumes but scattered among the rest of his work. For the jokes to detonate effectively they require immense context: this Mr. Tiller has been giving us with admirable thoroughness, followed by jaunty, joyful readings from Denis Hawthorne.

John Cox's production of the Stravinsky opera (re-produced for the tour by Julian Hope) in the David Hockney sets, is well travelled, and travels well. On a second viewing of the show, I feel ever more strongly that the Stravinsky is never quite that of the music—the former fine-lined, decorative, quickly and lightly alive, the latter nuggety, muscular, almost piratical in its hoard of stolen musical treasure—and that the divergent between the two grows wider as the evening progresses, ultimately depriving the graveyard and especially the madhouse scenes of their full gravity, their wonderful laughter seriousness.

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Susanna Ross and Ian Caley in "The Rake's Progress"

Glyndebourne at Oxford

On its own terms, of course, the visual conception is a continual pleasure, which here serves to impress the effect during the rumpling of Tom's town house facade and the obscuring by the proscenium arch of the madhouse motto. More bothersome were the long delays between scenes intended to proceed without any interruption, and the division of a three-act opera into two long acts; without the excuse of a Glyndebourne dinner interval, the damage done to carefully constructed "curtains" was rather more readily in evidence.

But there was some delightful precise playing and singing by the chorus and in minor parts (Nuala Williams' broad, heaving Mother Goose, Nigel Robson's impeccably urbane Selman); and a very fresh account of all four principal roles. Though John Rawnsley may look a very solid, not to say stolid, kind of Shadow, his singing has force, a strong attack, and his acting a thrusting relish of scene and situation. David Hartley's Baba is beautifully un-guilty and warmly sung—how witty is her music!—and his acting is a superbly unburdened with comic trickery. A very English-looking Tom, all blonde boyishness, is a distinct advantage; so too are Ian Caley's clean tones and sincere manner, the role can seem rather too much like a caricature of a producer to mirror its self-conscious cleverness of diction, a temptation happily resisted by Mr. Cox. Best of all is the enchanting performance of Susanna Ross. The voice has still, one senses, to complete its filling out (and weak words, a problem all evening, fail to aid its projection); but there is

blow on it, and a simple heart, felt directness stamped on Miss Ross's whole bearing. If this was a Rake in which the virtues of freshness outweighed the lack of overall polish, the Cost has become a performance of rare finesse in its own right, a complete rendering of the opera such as one seldom finds in more grandly cast productions. From Nottingham Ronald Crichton described Stewart Trotter's touring version of the original Peter Hall staging in these columns; it only remains for me to add that the Mozart conducting of Simon Rattle, after a rocky, bustling overture and first scene, developed the vented, kept, urgent quality of the young Colin Davis—the pacing of the finales was that of a born opera conductor. All that, not to say certain scores, such as Felicity Lott's gentle, unforced Fiordiligi is one of the most accomplished portrayals this lovely singer has given us. There may be people who miss, in so introspective a Cost, the sheer comic gusto of the original, but for change for the tenderness, the precision of characterisation, the emotional veracity of this eloquent production.

MAX LOPPERT

Granada 5.20-5.25 Northern Ireland News. 5.20 News and Weather for Northern Ireland.

BBC 2 2.30 pm Saturday Cinema: "It Started With A Kiss," starring Glen Ford and Debbie Reynolds.

4.20 Horizon. 5.25 Play Sport. 5.30 Network. 6.20 The Old Grey Whistle Test. 7.00 News and Sport. 7.15 My Music. 7.40 In Performance. Welsh National Opera present "The Makropoulos Case," opera in three Acts by Janacek (simultaneous with Radio 3 stereo).

9.25 Francois Truffaut Season: "The Story of Adele H," starring Isabelle Adjani. 11.10 News on 2. 11.15 News: BMW Challenge (highlights).

12.00 Midnight Movie: "Ride Out For Revenge," starring Rory Calhoun.

LONDON 8.50 am The Saturday Banana, part 1. 9.00 Sesame Street. 9.45 The Saturday Banana, part 2. 10.15 The Monkees. 10.45 The Saturday Banana, part 3. 11.20 The Fantastic Four.

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Espace de Projection

One year ago on this page I described the Centre Pompidou, then newly opened, though by now familiar to most visitors to Paris—an extraordinary fantasy of steel, glass and concrete, hung with a multicoloured web of pipes and tubes, which stands at the centre of the Plateau Beaubourg. A few minutes' walk from Notre Dame, an enormous structure five storeys high and four deep, each floor the size of football pitches, suspended on girders entirely from the outside, and entered at each level also from the outside by way of external "pavements in the air" connected by an escalator which moves, snake-like, diagonally up the building's main facade, enclosed in a transparent tube.

When Georges Pompidou announced his plans for the centre in 1969, he visualised a "place which will be both a museum and a place of creativity, where the plastic arts will rub shoulders with music, the cinema, books and audiovisual research." Last year, soon after opening its doors, the Centre Pompidou—or Centre Beaubourg, as it was first christened—was already a well-known—was already an exciting place to visit, every floor alive with a buzz of activity, new ideas, new schemes. I called it then a bold venture, and a bold achievement. More than one year will be needed to judge the project closely. The controversies surrounding the Centre—named by its critics variously as the *Pompidou Museum*, a *hangar d'art*, a *laboratoire culturel*—are still vigorously debated. But the excitement remains, and if there is eventually much still to do in 12 months a great deal has already been set in motion.

The library, with its projected million volumes, and a room for records and periodicals, is open and much used; the Musée d'art moderne, and the Centre national d'art contemporain, are settling gradually into their new home; the wide playing of grand set, outside, sloping gently down from the surrounding street level to the foot of the Centre, is busy morning, afternoon and night with street-shows, acrobats and buskers and two semi-permanent tents for theatre and dance. The most notable of all, the whole of the top floor of the Centre still houses the magnificent exhibition *Paris-Berlin 1900-1933*—a brilliant occasion tour de force, superbly conceived and presented, which runs until November 3—worth every penny of an IPTX instant air-fare in anyone this side of the channel for to take a holiday this weekend or next.

Invisible from the Beaubourg plaza, buried deep in the ground

under the place which borders the lovely 16th-century church of Saint-Merri, is another department of the Centre, to show this year in partnership with the Donaueschingen Festival, play by the Institute's resident instrumental ensemble, *Ensemble InterContemporain*.

Before the performance, Boulez offered a demonstration of the chameleon acoustical properties of the *Espace*: a bass of "instrumental" and played first in the "direct" conditions (a reverberation time about 0.4 seconds), next, in most reverberant, and finally, respectively the bass and the frequencies—each one a transformation entire of the actual character of the sound achieved in a matter of seconds at the touch of a switch.

The acoustics chosen for performances themselves, a naturally a combination of various conditions, judged suited to each work. In the German composer, Y. Hüller (b.1944), scored for instruments and 4-track tape, a 20-minute "play-between, and electronically transformed, a brilliantly conceived work, but Arcus proved to be a exceptionally attractive example of the genre, worked with imagination, supported by the power of the programme, an IRCAM computer of music, pleasing and "natural" consequence. The effect was more judicious combination than opposition or conflict, a large orchestral—can brilliantly which was very much subtle and complex phony.

Wellenspiele for piano, instruments and "digital" processor, by the Swiss composer, R. Zemp (b.1944), is a more subtle, and more complex, piece marked by the completion and first use of a ultra-rapid digital computer synthesiser developed at IRCAM, capable of 32-minute operation, a complex which can be computer language direct, sound without the need for analogue translation, thus intervening. The work, musically perhaps a shade substantial than Arcus, a pretty duet, 17 minutes, is a second work, and a more complex, and more complex, piece marked by the completion and first use of a ultra-rapid digital computer synthesiser developed at IRCAM, capable of 32-minute operation, a complex which can be computer language direct, sound without the need for analogue translation, thus intervening. The work, musically perhaps a shade substantial than Arcus, a pretty duet, 17 minutes, is a second work, and a more complex, and more complex, piece marked by the completion and first use of a ultra-rapid digital computer synthesiser developed at IRCAM, capable of 32-minute operation, a complex which can be computer language direct, sound without the need for analogue translation, thus intervening. The work, musically perhaps a shade substantial than Arcus, a pretty duet, 17 minutes, is a second work, and a more complex, and more complex, piece marked by the completion and first use of a ultra-rapid digital computer synthesiser developed at IRCAM, capable of 32-minute operation, a complex which can be computer language direct, sound without the need for analogue translation, thus intervening. The work, musically perhaps a shade substantial than Arcus, a pretty duet, 17 minutes, is a second work, and a more complex, and more complex, piece marked by the completion and first use of a ultra-rapid digital computer synthesiser developed at IRCAM, capable of 32-minute operation, a complex which can be computer language direct, sound without the need for analogue translation, thus intervening. The work, musically perhaps a shade substantial than Arcus, a pretty duet, 17 minutes, is a second work, and a more complex, and more complex, piece marked by the completion and first use of a ultra-rapid digital computer synthesiser developed at IRCAM, capable of 32-minute operation, a complex which can be computer language direct, sound without the need for analogue translation, thus intervening. The work, musically perhaps a shade substantial than Arc

FINANCIAL TIMES

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Saturday October 21 1978

Hard pounding gentlemen

AND let's see who can pound the longest. The thoughts of Sir Walter Scott's fictional participant at the Battle of Waterloo have a double-edged relevance to our situation this week. Mr. Callaghan has committed himself to a continued drive for wage restraint, even at the cost of much strife; and the Chancellor has backed this with the broad sanction of a hard pound, in or out of the new enlarged snake. The markets have been impressed, both with the outspoken resolve of Ministers, and with unexpectedly good monetary figures. The anti-inflation strategy is now firm and credible; but battles are lost as well as won. We have yet to be sure whose Waterloo this is.

Convergence

The most obvious risk is political: Mr. Callaghan may have strong policies, but his position both in Parliament and in his own party appears weak. It is by no means clear, for example, that he could persuade the Cabinet to support membership of the European Monetary System even if it seems increasingly doubtful, he wished to do so. However, there are serious doubts about whether the EMS in its proposed form is workable, durable or really worthwhile.

A true step toward integration requires more in the way of policy convergence, and a more sensible and equitable approach to the Community's own finances, than seems likely to emerge from the present talks. The real test of Cabinet support for the Prime Minister's strategy is continued restraint on public spending, and here the initial reports are encouraging.

The more obvious battle with the trade unions is not, at this stage, one in which the Government is directly involved. Private employers are in the front line here. The growing gap between the growth of earnings and the increase in prices, and the sudden jump in the financial deficit of companies, show how easily profit margins can suffer in a confrontation.

It is not clear at this stage how far they have already suffered. Every financial indicator suggests that the growth of output has been bigger than official figures would so far suggest. The CBI probably comes nearest the mark when it suggests that employers have bought higher productivity by giving away the normal cyclical recovery in margins. This does mean, though, that there is desperately little to give away in the present and more turbulent wave round.

In these circumstances, suggestions from the TUC and the Price Commission that price

controls might be used to restrict still further the existing room for manoeuvre are totally misguided: such sanctions are only appropriate as a check to the monopoly power of employers, not as a kind of counter-terror to offset the monopoly power of unions. The Government should also have second thoughts about its own sanctions policy against the private sector. An anti-inflationary financial policy is the only sanction needed for the competitive sector of the economy; it is positively misleading to make every private negotiation into a battle of wills between Mr. Callaghan and Mr. Moss Evans.

However, the basic realism of the Government's present approach is welcome. This has not only been endorsed in the markets, but there are some tentative signs that a little realism is beginning to show here and there on the shop floor, and that the rhetoric of percentages does not deceive everyone. In the end it is not enough for the Government to be realistic; a wage explosion would still, as Mr. Healey said on Thursday, be a major tragedy. It is realism among the public and at the negotiating table which will make it possible to check inflation while maintaining sustainable growth.

If any cautionary tale is needed to show the necessity of a hard financial foundation for any anti-inflation policy, the U.S. is now providing it. The renewed decline of the dollar, and the further rise in U.S. interest rates, is the inevitable consequence of a policy which is still concerned with symptoms, not causes.

Unfortunately the enactment of some kind of energy policy, even if it works, will only deflect excess demand into some other market. President Carter's promised anti-inflation drive next week, to be based primarily on wage and price guidelines, is equally relevant as long as nothing is done about the fundamental cause of deficit and potential inflation: the excessive creation of dollar credit, now complicated by a diatribe from the dollar by minor central banks.

The dollar crisis, which provoked the moves towards European monetary co-operation in the summer, remains a threat to monetary control every where, as intervention turns excess dollars into excess supplies of harder currencies. There is a widespread market view that a dollar recovery would be a risk for sterling. This is doubly misguided: not only early recovery is likely, and dollar weakness is meanwhile a general threat. Realism in Washington as well as on the shop floor would help counter-inflation policies everywhere.

BEFORE THE U.S. ELECTIONS: BY JUREK MARTIN

President Carter comes out of the doldrums

FOUR SHORT months ago, before conventional political wisdom was turned on its head by Camp David, the Republican Party could scarcely contain itself about the prospects for the mid-term congressional elections on November 7.

The party thought it had on its side the conservative mood of the country, the issues in the shape of "fiscal responsibility" and tax cuts, and, above all, the easiest of targets in a President unpopular both nationally and within his own Democratic Party. Better financed and organised than for years and apparently rid of the shadow of Richard Nixon, it was convinced that it was about to drive the biggest nail in Jimmy Carter's coffin as a one-term President.

Today that confidence is in tatters. None of the pundits now believes that the Republican Party will make substantial inroads into the huge Democratic majorities in both houses of Congress (68 Democrats to 32 Republicans in the Senate, and 287 to 146 in the House of Representatives). Some gains are expected, if for no other reason than that the last time the "in" party increased its representation in mid-term elections was in 1858. But the probable net addition of perhaps a couple of senators and 10-20 Congressmen would be slim pickings from what had once seemed a potentially rich harvest.

There are a variety of reasons for the shift in political sentiment over and beyond the recovery in President Carter's own political fortunes. One is the skill with which countless Democratic candidates are turning supposedly Republican issues to their own advantage. This is best exemplified in California, where the incumbent Governor, Mr. Jerry Brown, seems to be in the process of convincing his constituents that he always favoured reducing property taxes, but it is being duplicated elsewhere in the country. On economic matters at least, Democrats seem intent on proving that they can be just as conservative as Republicans.

But the phenomenon of the last month has, of course, been the President's resurgence. It must be pointed out that the public opinion polls had detected a Carter recovery even before the Middle East Summit at Camp David. (They have also discerned some slippage since the euphoria that immediately followed the negotiations.) But the demonstration of effective Presidential leadership turned a slight upturn into a major leap forward. Democratic candidates who had previously shunned offers of presidential support for their campaigns are now soliciting the White House in droves for appearances by Mr. Carter. And the midsummer gossip about whether or not Senator Edward Kennedy would

really run in 1980, or what Vice-President Mondale would do if the President were to be beaten in the primaries or fail even to run for re-election, has been suddenly silenced.

The followthrough after Camp David has hardly been negligible. Mr. Carter can indisputably claim that he gained more than he lost in the chaotic past six weeks of the congressional session and that, as a result, he has compiled in his first two years a legislative record of accomplishment not to be sneered at. Whereas recently as last summer he was still considered a novice at putting the heat on Congress, he is now seen to have learnt his trade and demonstrated his ability to work with, against and around even his own party, as well as the Republicans, on Capitol Hill.

It is relevant to this that the White House is now more adept at selling its arguments both to the country and to the Congress. The advent of Mr. Gerald R. Ford, who ran Mr. Carter's advertising in the 1976 campaign, has much enhanced the presentation of the image of the President to the public as an effective chief executive. Some say Mr. Ford's House of Representatives is becoming the *de facto* White House chief of staff, assuming some of the duties left undone by the talented but rather disorganised Mr. Hamilton Jordan. The White House certainly seems a tighter and more confident ship these days.

Uncertain rejection

On top of all this, it now looks as though Mr. Carter will be able to present a second Strategic Arms Limitation Agreement with the Soviet Union by the end of this year, perhaps capping it with another display of sumptuary, this time with President Brezhnev. Relations with the Soviet Union appear to have improved appreciably in the last couple of months, probably because the U.S. has now chosen to emphasise the SALT negotiations rather than its human rights crusade. It will still be no easy task to persuade Congress to approve the new arms treaty, but its rejection seems nothing like as certain as it did a few months back.

The question now is what effect the emergence of the new confident Jimmy Carter will have on an electorate which is principally concerned with local issues and such national problems as inflation, on which the Presidential record remains far from impressive. The safest conclusion is that his performance during the past month has taken away from the Republican Party one great issue — his own competence — but has not necessarily resolved many others.

In spite of the new rapprochement, Mr. Carter's ties with the



On the left, Mr. Bill Bradley, who may be presidential timber. On the right Senator Dick Clark, a valuable ally of Mr. Carter.

Democrat Party have always provided some clues for the future of both parties, but probably few hard and fast lessons. Conservative economic policies, it goes without saying, are essential for both parties, as is opposition to intrusive "big government." But since these are issues common to both parties, the greatest interest may lie in personalities.

Mr. Brown, the Governor of California, is the most interesting politician on the scene. According to local polls, he has turned the tax payers' revolt that produced last June's Proposition Thirteen landslide, cutting property taxes, to his own advantage and has opened a sizeable lead over his Republican opponent, Attorney General Evelle Younger. If he wins handsomely next month and if Mr. Carter were to fall back on hard times, his name will inevitably be mentioned for national office. By the same token, it is important for their national ambitions, that Senator Baker and Governor Thompson, in particular, win well next month.

Much attention is also being focused on the New Jersey Senate race partly because it is an ideological conflict between two young Turks and partly because the strong favourite, Mr. Bill Bradley, the Democrat, already enjoys a national reputation as an unusually articulate professional sportsman (in his case, basketball). He is already being spoken of as future presidential material (though such accolades are rather loosely given these days).

From a policy standpoint, the re-election fight of Senator Dick Clark in Iowa has international implications. The leading

authority on African affairs in the Congress, he is opposed by a hard line conservative. Should he lose (the polls give him the edge) then the Carter Administration will have to do without one of its most valuable allies on Capitol Hill.

Students of U.S. politics on the other hand, are most fascinated by the extraordinary happenings in Minnesota, where the state Democratic Farm Labour Party's long hegemony is threatened — races for both the Governor's Mansion and the two Senate seats. The incumbent Governor and one Senator, Mr. Wendell Anderson, were appointed to their posts as a result of Walter Mondale's elevation to the Vice-Presidency, thus creating a local outcry about "cronyism." And in the third race, the late Senator Hubert Humphrey's old seat which his widow is about to vacate — Minnesotans are trying to come to terms with the spectacle of a Democratic candidate, Mr. Robert Short, a businessman who is far more conservative than his Republican opponent, Mr. David Durenburger.

There will be enough, fore, for readers of the *Financial Times* to mull over at November 7. But at this stage of the game, barring the unforeseen, next year's Congress will not be much different from the present one. At the same time, the country will have a different set of faces on the job, and the balance of power will be well advanced and in the hands of the Democrats. Confidence appears to be well established in the new leadership. Therefore the Asian battles, though both are still political mix in the news given the lead. Another pillar of Republican politics in Washington, Senator John Tower, leading up to the Camp David summit, is also in a tight

Republican Right

Two Southern stalwarts of the Republican Right, Senators Strom Thurmond and Jesse Helms, of South and North Carolina respectively, find themselves in tough re-election battles, though both are still political mix in the news given the lead. Another pillar of Republican politics in Washington, Senator John Tower, leading up to the Camp David summit, is also in a tight

Letters to the Editor

Trade

From Mr. Austin Albu

Sir—The suggestion made by Mr. Whalley (October 18) that Britain cannot compete in home and export markets because of the competition from low wage economies is dangerous in its traditionally insular implications.

How is it that Germany, Sweden, Switzerland and Japan can succeed where we cannot? They all have wages equal to or higher than our own. According to your supplement on Germany (October 16) it has the highest labour costs in the world. How is it that a large proportion of the goods they sell us cost more, not less, than those we produce ourselves and that the value per unit or per ton of, for instance, our engineering imports is higher than that of our exports?

Protection of industries producing relatively sophisticated goods with low added value can only accelerate our present industrial decline. To be rich a nation must export goods which are technically advanced, reliable and fulfil the needs of the market.

A. Albu,
 Science Policy Research Unit,
 University of Sussex,
 Minter Building,
 Brighton Sussex

Bonds

From Mr. A. Farmer

Sir—While I agree with much of what Mr. S. Greenslade says (October 18) concerning investment bonds, the best way to invest in bonds is in a bond which is capitalised when the value of the "switching" facility. The cost is much less than selling and re-investing through the Stock Exchange and there is no capital gains tax liability. By switching between funds of the same management advantage can be taken of the gain built up in a bond which can be capitalised when the value begins to fall or is likely to fall and invested in another fund of the same company. The value of bonds goes up and down and it is small comfort to have them approaching retirement and withdrawing 5 per cent and the bond is depreciating, because

they are merely eating into capital.

Appreciation of up to 86 per cent in one year has been achieved by firms who actively manage bonds for clients.

A. J. Farmer,
 2, Essex Way,
 Ealing, W13

Sterling

From Mr. T. Torrance

Sir—I'm afraid that it is Mr. W. P. Platt (October 18) who doesn't understand the consequences of a non-resident holding sterling.

A non-resident holder of sterling does not, as Mr. Platt claims, have a contingent liability on the official UK foreign currency reserves. If such a holder or for that matter a UK resident importer, sells pounds for dollars, then he has to do so at the prevailing price unless the Bank of England steps in as a purchaser of sterling to ensure that he receives a superior price. Such intervention by the Bank of England amounts to the provision of a subsidy pure and simple to sellers of sterling, and it is this wholly unwarranted subsidisation, and this alone, that results in a drain from the UK reserves (which are anyway largely funds borrowed from foreign governments).

What Mr. Platt should campaign for is not the retention of exchange controls, which merely prevent a genuinely free market in sterling, but rather a total end to the damaging efforts of the Bank of England to prevent our currency trading at its equilibrium (i.e. correct) price. Incidentally, what really puzzles me is why it is thought that we need official foreign currency reserves at all. Why not pay off the foreign currency debts incurred by the Government with the reserves, and then trade and invest just the sterling, which the recipients can then retain or sell at the market price? Thomas S. Torrance,
 56, Watson Street,
 Aberdeen.

Currency

From Mr. J. Finlay

Sir—I fear Mr. Platt (October

16) has fallen into the common trap of only looking at the negative side of a problem. Of course, as he says, sterling owned by a foreigner represents a contingent liability on Britain's foreign exchange reserves.

But he overlooks the compensating factor; the Englishman, having acquired his house in Spain, now owns overseas assets. He is, other things being equal, just as likely to wish to reacquire sterling at some future date as the Spaniard might be to reacquire pesetas. For each liability there is a corresponding asset.

The exchange price of a currency is set by forces very much larger than those which a national government can influence by harsh exchange controls or restrictions. British controls, however severe, would appear to have little effect in minimising the wild fluctuations in the price of sterling in recent years. Indeed, I could argue that they have been counterproductive. The price of a country's currency reflects the state of its economic and political health. Except perhaps in the direct emergencies, the imposition of exchange controls on the citizens of a country indicates mislaid priorities in its government's policies; and they infringe the basic personal freedoms in which its citizens should be entitled.

J. L. Finlay,
 Southgate,
 Fulmer Way,
 Gerrards Cross, Bucks.

Rates

From Mr. S. Green

Sir—His efforts to get the Conservative party off the hook of their pledge to abolish domestic rates have led Mr. Alison (October 18) in a strange direction. He implies that the present system is regressive while omitting reference to rate relief and social security payments which separately or together ensure that rates are only paid by those who can afford them. Currently central government reimbursements from central tax on both direct and indirect, slightly less than two thirds of local government expenditure. Conservative leaders are recommending a shift from direct to

indirect taxation but Mr. Alison does not attempt to put this line of thought and consider the equitable left alone the economic arguments against continuing to finance the balance of local government expenditure almost wholly through the rating system.

The inequity of the present system is not so much that it is only partially related in the ability to pay but that it cannot distinguish between the consumers of the services provided by local authorities. Mr. Alison should address himself less to the inequity of the occupier of a £100,000 house who in paying, say, five times the rates of the occupier of a £20,000 dwelling, might be foregoing a lower proportion of the gross income, although a higher proportion of his net.

Let him, rather, consider the inequity of the childless widow in a £20,000 semi who could well be paying the same rates as the family of four in the other half whose consumption of local authority services may exceed hers by a factor of ten or more.

S. J. Green,
 261, Sheen Lane, SW14.

Metrication

From Mr. R. Pearce

Sir—I was very depressed by the advertisement on page 13 of your October 13 edition showing 1.7 J. for marble 2.3 J. for nylon Lincoln 18KM and Leicester 20 J. and aluminium 2.5 J. Thus, 10J/KM, and I wonder if other readers feel the same? Am I in a minority in not looking forward to metrication as I feel it will lose us something which helps to make us British?

One hears news stories saying the weather has again been in the weather forecast we are told it will continue a very warm 25 degrees — this latter reading does not really bring to mind the fact that it is warm at all. If the police are looking for a suspect who is very tall they do not say: he is 1.93 metres tall; they say: he is six feet 4 inches tall. The same applies now in the garden, where instructions to plant seeds so many centimetres apart never but if the plants will end up 25 centimetres tall, is this high or not?

Is it too late to go back on a actively managed funds, which

commitment to metrication, for if we did I feel sure many of us would breathe a sigh of relief?

R. J. Pearce,
 5, Marlborough Road,
 Castle Bromwich, Birmingham.

Kettles

From Mr. L. Boyd

Sir—Mr. Rosenfelder (October 12) has not read sufficiently far in his physics book. A material is a measure of the rate at which heat is transmitted, and in the small quantities used in a kettle it would be assumed that the material will have time to heat right through.

What Mr. Roote (October 7) requires is a material which is a measure of the rate at which heat is transmitted, and in the small quantities used in a kettle it would be assumed that the material will have time to heat right through.

Mr. Roote must be warned about the practical dangers of putting things in kettles as the water will not be free to circulate. Local hot spots may occur causing the element to burn out prematurely.

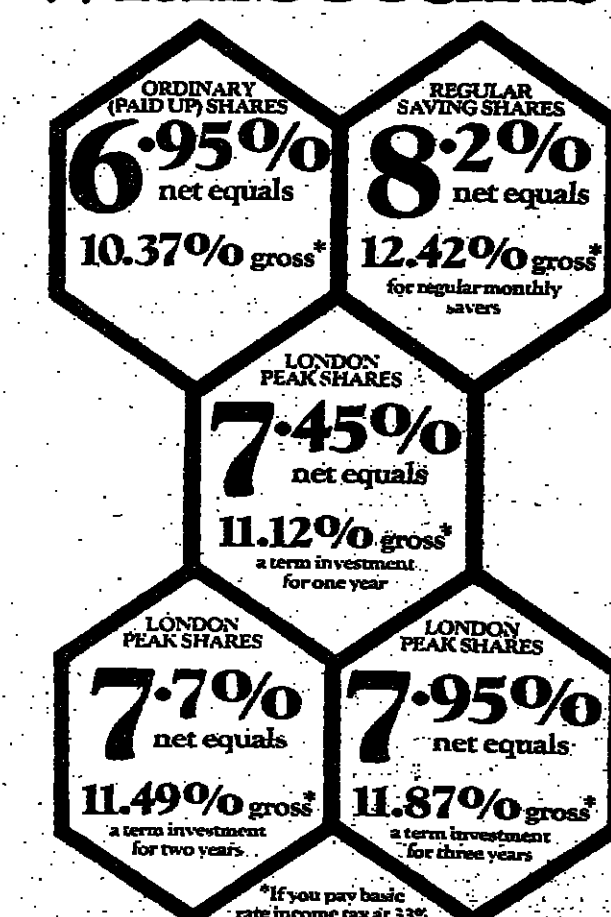
Lawrence Boyd,
 2, Eltham Avenue,
 Hove, East Sussex.

Dealing

From Mr. D. Damant

Sir—Dr. W. C. Scott (October 17) puts forward a number of reasons why an index fund in practice suffers dealing expenses which are entirely free. But this consideration applies to an overwhelmingly greater extent to an actively managed funds, which

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The TV set of the future

BY DAVID FISHLOCK, Science Editor

MR. JAMES REDMOND, director of engineering at the BBC, demonstrated a new kind of radio (or TV) receiver his research laboratories have invented, before a large audience in London on Thursday night. He took up a "light pen"—an electronic pen of the kind now appearing in the hands of young girls at the cash registers of such stores as Sainsbury's and John Lewis—and ran it over a specially labelled programme guide in a copy of the Radio Times. His receiver memorised the programmes he marked. For the next seven days, whenever a chosen programme was due, it would switch itself on and select the right channel. If the viewer cannot be present the set could automatically record the programme to await his return.

The TV set of the future is almost with us today, says Mr. Redmond. The key to this invention is the microprocessor, the memory on a chip of silicon which—as the Prime Minister himself acknowledged this summer—is going to revolutionise life for us all. What the BBC engineers have demonstrated is just how deeply into our private lives these minuscule machines are going to penetrate.

The introduction of this TV set of the future will require no changes in the BBC's transmissions. It is largely in the hands of the receiver makers to determine how soon they can add this latest chip to their receivers. For the BBC, the main problem will be to persuade the Radio Times to print small "bar labels" of coded information beside each programme summary, for the light pen to read. (Of course, the newspapers could also provide this service for viewers.)

Mr. Redmond, the BBC's director of engineering for the past ten years and responsible for an annual capital expenditure by the BBC of about £30m was giving his inaugural address as the new president of the Institution of Electrical Engineers. Officially his theme was the developing technology of broadcasting. In fact he was showing how microminiature electronics and microprocessors are changing Britain's most popular form of entertainment—in many cases, ahead of developments anywhere else.

Which channel

Another idea for to-morrow's receivers, both TV and radio, has already reached the stage of experimental transmissions in Britain. This is to have a small ancillary electronic display on the set—liquid crystal or light emitting diode—indicating which channel the viewer is tuned. The BBC will begin broadcasting the appropriate signal around the end of the year. "We could throw in the time or the type of programme—pop or high brow," says Mr. Redmond. Even pocket and car radios could display this information for very little extra cost.

Behind developments like these in the receiver lies an array of electronics at the transmitting end, either developed or specified by Mr. Redmond's engineers. Some of the new broadcasting systems have been developed from scratch in his laboratories at Kingswood, Warren in Surrey, where the BBC spends about £125m a year.

Take the TV camera, where the picture starts its long journey in the viewer. The basic workhorse of broadcasting is a sturdy machine designed first and foremost to generate a high-quality picture with great reliability. The BBC has about 120 EMI cameras for studio filming

and 75 Prie (Phillips) cameras for outside broadcasts. What producers wanted, however, was a lightweight, much more mobile camera that would let them burst out of the studio and film programmes in more authentic settings—say, an of-the-moment performance of Wagner's Ring cycle—without sacrificing quality.

To a specification written by the BBC, Philips has produced a lightweight electronic field producing camera with which the corporation is well satisfied, says Mr. Redmond. It has brought about 15 and has already used them to film such expensive productions as *The Pallisers* and *The Mayor of Casterbridge*, the kind of series the BBC sells widely abroad.

These new cameras use a lot of microminiature electronics to achieve their performance, although they stop short of microprocessor control. But the next generation will probably have a microprocessor to work out the automatic alignment of the three camera tubes needed for colour TV.

In the mid 1960s the Japanese had ideas of developing an unmanned camera: a robot with enough pre-programmed "intelligence" to pick out the parts of a scene wanted by the producers. The venture may have been a shade too ambitious—at least for anything but pretty static presentations. BBC producers still demand a "thinking cameraman" whenever there is action to follow. Nevertheless the BBC is itself far along the road of robot camera work for one particular very ubiquitous task.

This is the transmission of the shots between programmes, when a variety of information, mostly about forthcoming programmes—and including brief "trailers"—is interjected. Another major behind-the-scenes advance has been made in the ease, accuracy and cost with which magnetically re-

corded programme material can be edited. Again the key to success has proved to be the microprocessor. Here the workhorse has been an instrument called the quadruplex machine: a big video recorder made by Ampex or RCA, and costing up to £70,000. The BBC laboratories tried to develop a simpler and cheaper machine, but failed. Sony first cracked the problem, but with a machine tailored to American TV transmissions.

This stimulated the BBC to work with its suppliers—mainly with Ampex—on a £25m version, while simultaneously pressing for a single, international standard for the new machine. The result is a new and significantly cheaper Ampex machine. It requires only one scanning head, where four were needed before, and microprocessor control to keep the head tracking very accurately along the video tape. Film, believes Mr. Redmond, will not disappear overnight, but its virtues in editing are being matched very rapidly by electronic methods for editing tape.

Where the BBC laboratories believe they have recently scored a big success, however, is with a way of reducing the "graininess" of the TV picture. The problem is electronic noise, which appears as a moving grain forming a backcloth to many pictures. The eye is very tolerant of this graininess when the action is fast-moving, but at other times it can be irritating. It can be especially irritating when the lighting is very intense, as in studio sports events of the Miss World contest.

The answer lies in an ability to store complete pictures in digital form in a computer. Once this can be done, the picture signal can be made selectively stronger than the background noise. The problem for the computer—now solved by

the BBC—has been to identify precisely which moving scenes are important, so that these alone can be stored and strengthened. Pye has been licensed to manufacture this "noise reducer".

The noise reducer, with its computer-stored pictures, has opened the way to another BBC invention, for "freezing" fast action on video-tape and replaying it in slow motion—just as can be done with film. Tele-track—far from the thoughts of the research engineers when they were developing the noise reducer—can select pictures stored in the computer, and re-run them as a sequence to apply a stroboscopic effect to fast action. Sports producers like it, though they found it tricky to use when it was tried experimentally in the World Cup Series and in tennis broadcasts this summer. Where it seems to score best is when just one portion of the picture is moving—the ball and goal-keeper in a penalty shot or just the ball in a golf putt, for example.

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Mr. James Redmond—selecting programmes for an advanced radio.

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Mr. Redmond, who has spent his life with the BBC since his wartime service as a merchant navy radio officer, firmly believes that broadcasting must be ready to replace the time-honoured channels of communication such as the newspapers and the post, "as rising costs drive these out of existence." Already "most people depend on broadcasting for all their entertainment." Increasingly, he adds, they will want information to help adapt to such social changes as increasing leisure and the growing need to accept a new career in mid-life.

Own service

For TV the BBC has developed its own information service, called *Context*. Oracle is its counterpart broadcast by the independent TV channel. A third "interactive" information service, Prestel, developed by the Post Office, comes into service next year. A specialty of *Context* is its ability to cater for deaf viewers by using a short-hand writing machine in the studio to sub-title normal TV

broadcasts in a selective way which the deaf can receive without interfering with normal transmission. Computer processing promises to speed up this sub-titling to the point where it may become fast enough to cope with conversation in live broadcasts.

But don't forget radio, warns Jim Redmond. The BBC divides its £275m income from licences in the ratio 70:30 between TV and radio. Sometime early in the 1980s the black and white TV service on 405 lines will probably be closed down, leaving Band 1 (41-68 megahertz) free for new ideas. BBC engineers believe one of the most rewarding uses of Band 1 could be to improve radio reception with the up-and-coming digital (computerised) audio technologies. In this way they envisage eliminating the tuner from the radio receiver—a relatively expensive component—by using chips to decode and select the required signal. Not least of the advantages to the listener would be a guarantee of perfect tuning.

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Weekend Brief

Son of Star Wars

Film producers find strange places to unveil their wares but none stranger than that chosen by *Star Wars* producer Gary Kurtz last Sunday to announce his newest project. The setting was a cross-country riding event near Daventry in Northamptonshire, the announcement was that the *Star Wars* team will soon be riding again on the big screen in a sequel called *The Empire Strikes Back*.

The film starts shooting at Britain's own Elstree Studios (home of its forerunner) in March, and as a foretaste of things to come the makers were sponsoring this charity horse meeting (proceeds going to Riding For The Disabled). They organised the competition, they provided food and drink, and they donated crates full of *Star Wars* goodies (badges, T-shirts, toys, etc.) to be given out as prizes or bought up, by eager children.

In this unlikelyst of locales nearly all your favourite *Star Wars* figures were on display: from flesh-and-blood celebrities like Princess Leia (Carrie Fisher), Darth Vader (Dave Prowse) and Chewbacca (Peter Mayhew) to puts-and-bits superstars like the robot R2-D2.

There was also a scattering of white-armoured storm-troopers and hirsute mammoths across the landscape, looking like the advance guard of some interstellar invasion.

Producer Kurtz was busy expressing the hope that *Star Wars Two* would be both bigger and better than *Star Wars One*. The largest permanent soundstage in Europe, he announced is being specially built for the production, and some of the spectacular sets will be wrapped in secrecy until their unveiling at the film's premiere; although a lucky handful of last Sunday's raffish children will be allowed special access.

The same youthful stars will be starring in the film—Mark Hamill, Carrie Fisher, Harrison Ford: the same creator, George Lucas, has written the film (although he will make way as director for America's Irvin Kershner); and R2-D2 and C3PO, that matchless robot double-act, will again be in harness.

This is good news not only for *Star Wars* enthusiasts but also for the British film industry. America is clearly stepping up interest in Britain as a film-making locale, and the *Star Wars* team must be among the most welcome investors this country could wish to receive. May the "Force" continue to be with them!

Union rules

NEXT WEDNESDAY evening Mr. Hugh Scanlon will retire after an 11-year reign as president of the Amalgamated Union of Engineering Workers. The rules regarding retire-



ment, like most other aspects of the union's constitution, are tightly drawn: an official leaves on the eve of his 65th birthday and is not allowed to see the week out.

Scanlon's will not be a leisurely retirement—he remains chairman of the Engineering Industry Training Board and president of the Confederation of Shipbuilding and Engineering Unions—but the strict retirement rule means that he and other union leaders are forced to surrender power at an age when people in many areas of public life have just reached their peak.

Trade union leaders are sometimes described as grey men. Scanlon is one of the very last to whom this could be applied: in his private life he is witty and entertaining while in his public office he has been a figure of unending controversy.

His last appearance at the Labour Party conference earlier this month was marked in typically Scanlon style with a dispute over his casting of his union's vote on the issue of automatic re-election of MPs. The AUEW more than any other big union lives and

breathes internal democracy and disputes over votes have haunted Hugh Scanlon throughout his career.

He is guaranteed his place in history by his leadership of the AUEW's fight against the Industrial Relations Act which sought to impose legal controls on trade unions. The Act was hated throughout the union movement but the AUEW stood alone in intransigent resistance to the law even to the point of seizure of its funds for contempt of the National Industrial Relations Court.

Agreement on Scanlon's leadership since those famous days will be less easily reached. His old friends on the Left accuse him of a lurch to the Right in his eloquent support for the present Government and its recent years of pay policy. This can be explained partly by his fervent conviction from the 1971 era that the return of another Conservative government might again try to impose controls on the trade union movement was something to be avoided at all costs and partly from the constitutional way in which he has interpreted his presidential role.

One of the biggest disappointments of Scanlon's presidency will be that he has failed in the superhuman task of welding the AUEW's four sections into the basis of a single union for the engineering industry. On the credit side he has, often through the sheer force of his personality, kept the AUEW at the centre of the trade union stage through some difficult years. The trade union movement will be losing in Scanlon one of its few great speakers and one of its outstanding public personalities.

House hunting by computer

Some of the slog could soon be taken out of house-hunting, both for the family man who simply wants a new home, and the international executive with a foreign posting, thanks to Mike Jackson's "Moving Machine".

Mr. Jackson, a chubby, personable 29-year-old from Kansas City runs a company called Electronic Realty Associates (ERA) based on the simple but effective idea that computers and facsimile transmission can be used to sell houses. By means of his franchised network used by 2,500 estate agents in some 50 ENUPF-places in the U.S., ERA can receive and transmit facsimiles with pictures and details of houses for sale or rent in just about any part of the country.

A house-hunter in, say, New Orleans wanting to move to Chicago simply goes to his local ERA man and tells him what kind of a home he wants and in what kind of neighbourhood. The information is punched into a computer, and within minutes he'll receive a selection of typical houses in his category.

So far Mr. Jackson claims to have transmitted over 600,000 photos which have resulted in sales of \$12bn worth of properties. Now he is eyeing Britain and the European market, where he sees two possibilities.

Like the U.S., Britain's property industry is highly fragmented, with thousands of estate agents operating with scarcely any co-ordination. So Mr. Jackson believes that his franchising system has something to offer British house-

hunters too, by putting as much of the housing market as possible at the end of a computer terminal.

An emissary from his company was recently in London talking to estate agents, and the results were sufficiently encouraging for him to predict that he will set up a British offshoot within six to nine months. Other European countries would then follow.

Once an overseas network is established, Mr. Jackson believes he will be able to offer an international service to multi-national companies and people whose work sends them abroad. For example, a German posted to New York, or an American posted to London would be able to call up the ERA computer to see what kind of houses were available.

ERA would probably back this service with an index of international housing and living costs to enable companies to work out how big an allowance they should be giving their executives.

As far as Mr. Jackson knows, no one else has tried to do this but he wants to move quickly because, in the U.S. at least, big companies like Merrill Lynch, the securities firm, are moving into the property sales business, and bringing their big networks and computer muscle along with them.

Contributors:

Nigel Andrews
Alan Pike
David Lascelles

TODAY—Leyland management-union week-end meeting in discussion productivity problems—a new style conference with Mr. Michael Edwards, BL chairman, and Mr. Moss Evans, general secretary, Transport and General Workers Union, as joint chairmen. Mrs. Margaret Thatcher, Conservative Party Leader, on week-end visit to Madrid.

SUNDAY—Mr. Cyrus Vance, U.S. Secretary of State, in Moscow for two-day Strategic Arms Limitation Talks with Mr. Andrei Gromyko Soviet Foreign Minister. Bowick and East Lothian by-election speeches by Mr. Michael Foot, Mrs. Shirley Williams and Mr. James Prior.

TUESDAY—Provisional October unemployment and unutilised capacities, Parliament re-assembles after the summer recess, and re-commence production (September).

MONDAY—Joint Cabinet and

Economic Diary

Labour National Executive Committee meeting at Downing Street to discuss European Monetary System proposals. European Parliament opens three-day session, Luxembourg. Finance and General Purposes Committee meets, House, London. New vehicles registrations (September). Royal Opera House annual report. Bowick and East Lothian by-election speeches by Mr. Michael Foot, Mrs. Shirley Williams and Mr. James Prior.

TUESDAY—Provisional October unemployment and unutilised capacities, Parliament re-assembles after the summer recess, and re-commence production (September).

MONDAY—Joint Cabinet and

President Carter expected to unveil his "Phase Two" anti-inflation programme. General Council of British Shipping reply to National Union of Seamen claim Lord Kearton, chairman of British National Oil Corporation, at Foreign Press Association luncheon, 11, Carlton House Terrace, London. European Off-shore Petroleum conference and exhibition opens, Earls Court, London.

WEDNESDAY—Labour Party National Executive Committee meets, Transport House, London. Meeting of TUC General Council, Congress House, London. British Ford Parliamentary by-elections. Church Commissioners annual report. Department of Employment Gazette will include car and commercial vehicle production (September).

THURSDAY—Mr. Denis Healey, Chancellor of the Exchequer, meets representatives of the Confederation of British Industry, Downing Street, Berwick-East Lothian and Pontefract—Castleford Parliamentary by-elections. Church Commissioners annual report. Department of Employment Gazette will include car and commercial vehicle production (September).

FRIDAY—Mr. David Ennals, Social Security Secretary, addresses annual congress of Environmental Health Officers Association, Bournemouth. Sir David McNee, Commissioner, Metropolitan Police, at Police Federation Metropolitan Branch meeting, Central Hall, Westminster.

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Carrie Fisher (Princess Leia) celebrates on a *Star Wars* mammoth.

COMPANIES

R. H. Cole falls midway: further downturn seen

FIRST HALF profits before tax of R. H. Cole fell sharply from £789,000 to £471,000 and provisional third quarter figures indicate that the level of performance in the first six months is unlikely to be matched in the second half year.

The profits in the first half were materially affected by losses in the thermastics compound activities, the directors say. These were anticipated and were attributable to the move of Cole Plastics and East Anglia Plastics to Milton Keynes.

Continued improvement by the other subsidiaries made the overall result possible, the Board states.

The interim dividend is raised from 1.85p to 1.85p, the total in 1977 was 3.71p from pre-tax profits of £129m.

Not included in the results are extraordinary charges of £148,000 after tax, representing £185,000 less £37,000 tax relief directly attributable to non-recurring costs of the relocation of the two subsidiaries and £32,000 deficit against book value on the disposal of the freehold premises at Bedford Mill, Harpenden.

The group also traded in chemical manufacturing, electronics, equipment and property holding.

The half-year results this time included redundancy and compensation payments of £30,800. After a tax credit of £1,350 (charges £2,800) the net loss was £29,826 (surplus £2,531).

Again no dividend is to be paid. A payment of 0.65p net per 10p share was made for 1973-74 from profit of £26,848—the last time the company was in the black at full-time.

Tebbitt cuts leather losses and sees profitability ahead

ACTION TAKEN to revitalise the merchandising operation of Tebitt Group together with the run-down of the loss-making unit and a reduction in indebtedness has begun to show effect, with a 20 per cent cut in losses, before redundancy payments of the leather division in the half year ended June 30, 1978.

By the end of the year the directors anticipate that this division will be trading profitably. Also they feel that the group as a whole will be well placed to show growth in the years ahead with the resumption of dividend payments.

From sales of £293,003 (£278,843) the half year produced a group trading loss of £85,527 (£104,141). The attributable loss was £104,141 (£29,314) after extraordinary items and redundancy payments, etc.

The last dividend payment was in 1973 in which year profits fell from £154,806 to £67,347.

The directors report that throughout the period the move towards marketing has been initiated by revitalising the leather division, known as Munt Brothers. This has been merged with a new group William Silvester and Sons, to form Silvester Munt, a new centre.

Simultaneously the run-down of the loss-making production unit should be substantially complete by the end of October.

As part of its longest-term policy, the company has acquired Self-Seal Tape and Tape Projects. One continues to achieve the profitability evident at the time of acquisition, while the other, which was showing losses at the time of acquisition, has now achieved a break-even trading position.

The net result of this adhesives division is a small loss for the first half of the year, but the Board anticipates that the division will show profit in the second half.

MUNICIPAL PROPS. Pre-tax profits of Municipal Properties increased from £58,217 to £109,786 in the first half of 1978 and the net tax balance

Results due next week

Major company results are thin on the ground next week. Two groups, which have been in the news already this year, top the list of those reporting interim figures. One of them, Spillers, should now be seeing the benefits of earlier bakery disposals while John Laing's profit performance will receive a rating of its new shares. Another, in line to announce interim results, is the stores sector, while half-time profits from Minet Holdings will at least provide some pointer for the insurance world.

Much of the market interest in John Laing centres on the group's share split which will come into effect on Monday week. So Friday's interim results will be closely watched. Rental income, as already forecast, is likely to be around £25.5m (£24.7m) for the year. The office developments have been completed but, as yet they are not fully let, resulting in an estimated deficit of more than £1m. On the construction side overseas business, after last year's pick up, should remain satisfactory.

The UK market, meanwhile, is still difficult though housing and furniture sales have been apparently done better. With doubts hanging over margins and the prospects for new Middle East work, investors will be looking for signs of future growth on the construction side. Analysts have generally split up their estimates for the whole group, including investment income, ranging from £21m-£23.5m (£21m-£23.5m).

Spillers, which disposed of its bakery business in April, is due to report its first half profits on Wednesday. The results will include a residual loss of around £2.5m from bread operations and a contribution from the new U.S. subsidiary. Modern Maid Food Products, the forecasts by analysts range from £4m to £5.3m (£3.93m) although one anticipates up to £7m. Petfoods and Milling are expected to show an improvement

Company	Announcement date	Dividend 1978	Dividend 1977	Dividend 1976
British Assets Trust	Wednesday	0.8	1.1	1.5
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BIDS AND DEALS

Pilkington £25m offer to Sola

Pilkington Brothers, the UK glass group which pioneered the revolutionary float glass manufacturing process, has launched a £25m cash bid for Sola Holdings, the Australian manufacturer of plastic lenses for spectacles and sun-glasses.

The British group, which earned £71.7m pre-tax profit in the year ended March 31, 1978 has been striving for some time to acquire a major foothold in the fast-growing plastic lens business.

Last year Pilkington's £23m bid for ophthalmic lens manufacturer UKO International was blocked by the Monopolies Commission as being against the public interest.

Pilkington's latest offer has the backing of the Sola directors and the Pilkington family—the largest shareholders—who between them control more than 50 per cent of the shares.

A possible objection to the deal could come from the Australian Foreign Investment Review Board which recently ruled against a £20m bid from Brooke Bond Liebig for the Bushells tea business as being against the national interest.

Dr. Dennis Oliver, an executive director and deputy chairman of Pilkington's optical division, says that a tentative approach was made to the Australian authorities and the group was "not discouraged". He is hopeful the bid will go through. South Australian Premier, Mr. Don Dunstan, has welcomed the offer.

Mr. Dunstan says Sola's business is its plastic lens interests—although it also manufactures optical equipment for the defence industry. The group claims to control 90 per cent of the Australian prescription plastic lens market, 30 per cent of the sun glasses market and 50 per cent of the industrial safety-glasses market.

An added attraction for Pilkington is Sola's overseas manufacturing capacity notably in the U.S., the world's largest and fastest growing market for plastic spectacles. Oliver says Sola's sales have around 10 per cent of the U.S. prescription plastic lens market.

Hanson makes another acquisition in U.S.

HANSON TRUST is adding to its U.S. empire with a \$5.8m agreed cash bid by Caribean, its textile-oriented subsidiary, for Templan Spinning Mills.

Templan is currently owned by Standard Prudential Corporation, a New York public company, that is pleased with its U.S. performance which has been better than was originally expected. It has adopted an acquisition formula of seeking companies with strong management, leaving the management in charge of commercial operations but imposing strict financial controls and reporting systems.

The Templan acquisition, which is subject to the approval of the Board and the satisfaction of various other conditions, is expected to be completed next month.

The takeover Panel has upheld an earlier decision by its executive by dismissing an appeal from minority shareholders in Caribean, which has a September year end, not yet available in 1977-78. Its net assets were £5.4m and sales £10.7m.

Caribean was Hanson's second major U.S. acquisition and it was bought from Indian Loan Inc. in October, 1975, for \$5.8m. The first acquisition was in the services operations into the U.S. The first acquisition was in the services operations into the U.S. The first acquisition was in the services operations into the U.S.

BIT minority holders appeal dismissed

The Takeover Panel has upheld an earlier decision by its executive by dismissing an appeal from minority shareholders in Black Diamonds, who claimed that Black Diamonds, a pension fund, had infringed the takeover code.

Mr. J. G. Campbell and Mr. D. P. Barrett, acting on behalf of themselves and other holders of BIT stock, claimed that Black Diamonds had expressed an intention to acquire the business and transfer its investment to the National Coal Board Pension Fund.

They argued that the transfer of BIT's portfolio to the NCBP could not have been done without liquidating BIT, which would have involved the repayment of debenture stocks at par, and of the 10p per £1 nominal, while realising the value of dual assets for the benefit of the ordinary holders.

The Black Diamonds offer was closed after an acceptance level of 75.5 per cent of the equity had been reached, with a substantial minority interest outstanding. The appellants retained their BIT shares in the expectation that the company would be sold to the NCBP.

In the event, Black Diamonds later made it plain that it had no intention of continuing to run BIT in its original form.

COMBEN/ORME

Carlton Industries will own less than 50 per cent of Comben, the housebuilder, it is now expected, Comben is to enforce the complete purchase of fellow housebuilder Orme Developments.

Comben yesterday announced that it has received valid acceptance from holders of 85.2 per cent of its shares. But acceptance is not yet validated as the level beyond 90 per cent at which point Comben can compulsorily acquire all the rest. When Comben does so, it will issue sufficient of its own shares in payment to divest Carlton's stake in Comben just 50 per cent.

Carlton is 51.9 per cent owned by Hawker Siddeley Group.

At the AGM of Orme yesterday the resignations of the previous non-executive directors, including the nominees of Saint Piran, were accepted. At a Board Meeting at Orme, representatives of Comben were appointed.

Chamberlain Group will not match last year

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corr. Total	Total
Allebone	0.55	Feb. 1	0.2	0.75
Chamberlain Group	0.34	Jan. 3	0.02	0.36
City of Aberdeen Land	0.32	Jan. 3	0.02	0.34
R. H. Cole	1.85	Dec. 11	1.85	3.71
Gopeng Consolidated	0.09	Jan. 6	0.01	0.10
Guildhall Property	0.07	Jan. 6	0.01	0.08
Helical Bar	0.05	Jan. 6	0.01	0.06
London Properties	0.05	Jan. 6	0.01	0.06
Peters Stores	0.05	Jan. 6	0.01	0.06
Stanley Miller	0.05	Jan. 6	0.01	0.06
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Dividend boost by Costain

UNDER THE proposed reorganisation, which a new company, Costain Group, will acquire all the capital of Richard Costain Ltd. The directors would intend to recommend total dividends on the new CG ordinary shares for 1978 of 3p, not less than 3p would be paid as an interim in or about October.

An interim of 2.575p has already been paid in respect of 1977 and is the maximum at present known to be permitted for that year. In the absence of the new dividend control scheme it would have been the intention to take advantage of the new dividend control rules and pay such further dividend as might be permitted. If the scheme is implemented CG intends to pay in mid-1978 a special interim dividend to the further dividend that would have been paid in the absence of the scheme. The total forecast for CG excludes this payment.

The terms of the acquisition of the ordinary shares of CG ordinary shares and one CG deferred ordinary share for every four Richard Costain ordinary shares; and for the preference, 7p each for every "A" and 6p for every "B" share. The CG deferred rank with the ordinary except that they are not entitled to dividends paid or declared before January 1, 1979. The date of dividend payable will automatically be designated ordinary ranking pari passu in all respects with the CG ordinary.

The Treasury has confirmed that in the event of continuation of dividend control in its present form, the date of dividend payable per CG ordinary in issue before the CG deferred become designated ordinary will not be required to be reduced.

Rosehaugh soars on back of Tannergate contribution

SHARES IN Rosehaugh Company jumped 19p to 207p yesterday on the news that the company's interest in Tannergate, the property dealing concern, had yielded a pre-tax profit of £85,324 in the year ended June 30, 1978.

Rosehaugh, in which Mr. Godfrey Bradman, tax specialist, has a near 50 per cent interest, has now been transformed into a cash and asset rich property company which has gone from suspension requested in May was lifted in July following a circular to shareholders outlining property dealing involving some £30m of properties.

Rosehaugh acquired its stake in Tannergate last year for £70,000. Tannergate commenced operations in February 1977 when it acquired a large portfolio of flats, shops and offices from Legal and General. Some of the portfolio was sold to reduce Tannergate's borrowings to £3m and create net tangible assets of £1.5m. The remainder (invalued at £1.5m) was revalued in July at £13.7m, a surplus over book of £8m.

The Tannergate profit contribution brings Rosehaugh's total up to £401,971 for the year compared with £165,650 for 1977-78.

The dividend is raised from 0.65p to 0.67p. Also it is proposed to sub-divide the 25p shares into five shares of 5p and then to consolidate each two 5p shares into one share of 10p.

After tax of £124,621 (£23,538) the net profit was £187,230 (£31,891) after extraordinary items of £71,473 (£14,909 credits).

The net asset value per share was 43.28p (£25.92p).

St. Piran groups join forces

The three dissatisfied groups of shareholders in mining and construction group, Saint Piran, have agreed to join forces. They have agreed that Robert Morrison, Chairman of Saint Piran, should represent them at a meeting with the Board of Saint Piran at the end of this month.

The three groups are headed by Mr. Morrison, Mr. Michael Payne-Jago and Mr. Stewart. They want new non-executives to be appointed to the Board of Saint Piran as a result of what Mr. Morrison has described as a "crisis of confidence" in the company. The meeting with the Saint Piran board cannot take place before the end of this month because only one of the three directors is currently in the UK.

Mr. Payne-Jago said yesterday that the Saint Piran Board should appoint four non-executives to the Board. The Saint Piran Board should appoint four non-executives to the Board. The Saint Piran Board should appoint four non-executives to the Board.

UNIT TRUSTS

Income funds are consolidating their position as hardy perennials of the unit fund, judging by this week's promotional literature.

Three income funds, from the Tyndall, Garimore and Schlesinger groups, are among the latest offerings.

The income idea came strongly into fashion in 1974, when the Stock Market hadly denied the appeal of growth shares. The fact that four years on, income funds are reckoned to retain their popularity with investors is a good sign of their staying power. For with the Stock Market still close to record high ground, this is the traditional time for growth funds to make their strongest pitch.

And the income idea is also coming in for strong competition from the big strong overseas.

Barclays Unicorn, meanwhile, is backing the American trend, pointing out that although the dollar is still in the dumps, American shares per se look cheap. Target's offering is its Pacific fund investing in Australia and areas of the Far East like Japan, which have recently caught investors' attention.

The M Group is pointing out to investors that the most tax efficient way of making regular savings into unit trusts is through a life assurance contract, since the investor gets tax relief, at present 16 per cent, on the contributions. It is offering the M and G Regular Investment Plan with a minimum monthly outlay of £12. The investor can link the plan to one of seven trusts managed by the Group covering a wide spectrum of equity investment. Interested investors should note that the amount invested varies between 81 per cent and 94 per cent according to the plan. The first two years to cover setting-up expenses.

Britannia Trust Management has linked up with the Family Assurance Society to offer the Britannia Family Bond, a regular savings vehicle with life insurance tax relief on the premiums and investment in a tax-free fund. Family Assurance is a friendly society, and can invest on a tax-free basis, up to certain limits but at least 50 per cent of the investment must be in fixed interest investments. The limits imposed for tax-free status are quite low—a maximum of £10 per month for investors under 40 and £20 for those over 40.

Scott is be income up

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Budget measures boost Kuala Lumpur as financial centre

BY WONG SULONG

KUALA LUMPUR, Oct. 20.

MALAYSIA IS to take steps to promote the growth of Kuala Lumpur as a financial and commodity trading centre, according to measures introduced by Tengku Razaleigh, the Malaysian Finance Minister, in his Budget today. The abolition of the 15 per cent withholding tax on interest payable abroad to non-residents by Malaysian banks, and the introduction of two new monetary instruments—bankers' acceptances and negotiable certificates of deposit.

The Minister told Parliament that by doing away with the withholding tax—a move that would only cause a loss of Government revenue of only 1m ringgit—banks would be encouraged to quote competitive rates in ringgit.

This, in turn, would help to promote Kuala Lumpur as an attractive international centre for commodity trading, in view of the wide range of commodities that Malaysia produces.

He explained that the withholding tax discouraged Malaysian and foreign banks from making an international market for the ringgit, mainly because banks abroad needed to maintain ringgit balances in Malaysia, while Malaysian banks had to

Saudi backer for buying of stake in Gervais Danone

BY ROBERT MAUTHNER

PARIS, Oct. 20.

A FINANCIAL group headed by Mr. Gaith R. Pharaon, Saudi Arabian businessman, the son of an economic adviser to King Khalid of Saudi Arabia, has acquired a 5 per cent stake for FF 70m (more than \$18m) in BSN-Gervais Danone, the giant French glass and ceramic group.

Mr. Pharaon, who already controls two U.S. banks—the Main Bank of Houston and the National Bank of Georgia—thus becomes one of the biggest shareholders in BSN-Gervais Danone. No single shareholder in the French company, in which Pilkington Brothers, the British glass company, holds about 3 per cent, has a share of more than 5 per cent in the capital.

Mr. Pharaon was in the news recently when his name was linked heavily with an Arab purchase of 10 per cent of Montedison, the Italian group.

A bad year in the drinks

sector and a heavy investment programme in glass were the two main factors behind a sharp reduction in the company's consolidated profits last year, down to FF 14m from FF 46m in 1976. Profits declined in spite of an increase in sales last year by nearly 10 per cent to FF 12.9bn (\$3bn).

The group has embarked on an investment programme in its glass sector covering the decade 1979-80 to convert its plants in northern France to the float glass process, pioneered by Pilkington. This has been a weighing factor on the group's financial performance last year, which exceeded FF 1bn, compared with FF 925m the previous year.

Mr. Pharaon is the second Saudi businessman to appear prominently on the French industrial scene. He joins Mr.

Richards resigns at Kennecott Copper

NEW YORK, Oct. 20.

MR. H. EUGENE RICHARDS, executive vice-president of Kennecott Copper Corporation, has resigned for "personal reasons," the company announced today.

The resignation comes as a surprise, since Mr. Richards was widely believed to be a leading candidate to become chief executive officer of Kennecott—once Mr. Frank R. Milliken, chairman, and Mr. William H. Wendel, president, resign.

Mr. Milliken said in an announcement that he would not be replaced. However, a number of responsibilities under him would be assumed by Mr. Richards, who joined Kennecott this week as vice-president communications.

Mr. Richards was said to be "unavailable for immediate comment," tonight.

Montedison capital increase given go ahead from banks

BY OUR OWN CORRESPONDENT

MILAN, Oct. 20.

MONTEDISON has given the green light for its long-planned capital increase and a 1.25bn (\$460m) share and bonds issue is to be launched on Monday. A Pirelli E. C. is also expected to participate.

Montedison's main declared private shareholder, Basell, has already indicated that it does not intend to participate, and Montedison shares fell sharply on the Milan Bourse today ahead of the operation.

Meanwhile, banks are still trying to find a solution to the pressing difficulties of the Liquechimica chemicals group. Sig. Carlo Donat Cattin, the Industry Minister, has warned that he will appoint a special commissioner to investigate the situation, if banks cannot come to an agreement quickly to save it from threatened bankruptcy.

The state fund for industrial development in southern Italy, Cassa di Risparmio di Bari, has given a conditional promise of assistance if banks can come to an agreement on the groups on its subsidiaries, particularly Montedison, its crisis-stricken Bredas subsidiary.

To cover these losses, Montedison is expected to rely on capital gains. It could revalue its oil and gas assets and sell some prime real estate and, possibly, its electric power plants.

Banks had been hoping to use the Cassa funds to make long-term payments to Liquechimica workers.

Norway's insurance results rise

BY FAY GJETER

OSLO, Oct. 20.

THREE OF Norway's leading insurance companies—including the industry leader, Storebrand—report improved results for the first half of 1978.

Storebrand expects its results for the whole of 1978 to show a significant improvement following a first half upturn. Premium income in the non-life sector rose to Nkr 1,017m (\$207m), from Nkr 888m, with foreign business accounting for just over a third of this year's figure.

Storebrand's life and pension company, Idun, increased premium income by 14 per cent to Nkr 1,000m (\$204m), and the company's financial income rose by 21 per cent to Nkr 53m.

Premium income among the international subsidiaries rose to Nkr 77m from Nkr 55m in January-June 1977. The concern's

ship and rig-owning subsidiaries, A/S Cust and A/S Sartorius, slipped deeper into the red for the half-year.

Gross premium income, plus income from other activities at the Norden group reached Nkr 1,815m (\$363m) in the six months compared with Nkr 1,125m in the middle of 1977. The non-life companies in the group had a total premium income of Nkr 491.2m, compared with Nkr 714.2m for 1977.

Norden's life insurance company, Nordens Liv, increased premium income to Nkr 299m, against Nkr 259m. Half-year profits for the non-life companies were Nkr 10m, up on the figures for the whole of 1977.

Norden's life insurance company, Norden Livsforsikring, saw premium income reach over

Battle over fertiliser group

By James Forth

SYDNEY, Oct. 20.

THE FIGHT for control of Western Australia's only fertiliser manufacturer, CSBP and Farmers, has been thrown wide open again with the reversal of an earlier decision by the Trade Practices Commission.

The TPC had decided to grant Western Farmers Corporation an authorisation to acquire control of CSBP. This reverses its decision in a draft determination released last month to reject the authorisation, because there would be no public benefit from the acquisition.

CSBP is owned equally by Cummins Smith and Co., Western Australian Superphosphate and British Petroleum. Western Farmers has already gained just over 50 per cent of Cummins Smith and has offered to extend a bid to remaining holders, subject to TPC authorisation.

The TPC authorisation does not take effect for 21 days, so as to allow time for any appeals.

W. R. Grace earnings up 22% in third quarter

BY STEWART FLEMING

NEW YORK, Oct. 20.

W. R. GRACE, the U.S. chemicals and consumer products group, which the Friedrich Flick group of Germany has a 12 per cent stake, has announced a 22 per cent increase in third quarter earnings.

Grace said that its third quarter net income was \$42.2m up from \$34.5m a year ago.

For the first nine months of the year, earnings are \$129m (\$3.32 a share), compared with \$112.9m (\$3.20 a share) in the same period of last year.

The company is facing an assumed takeover offer from the Flick group for a further 19 per cent of its stock at \$33 a share. Reuter reports that Grace said it believes that the results for the year 1978 will exceed the \$3.71 a share earned on revenues of \$8.85bn in 1977.

The company said there was a favourably net effect on third quarter results due to gains on investments partially offset by losses on foreign exchange transactions.

Swedish builder recovers

BY WILLIAM DUFFLORCE

STOCKHOLM, Oct. 20.

BALKEN, the Swedish construction group, shows a profit recovery from Skr 17m to Skr 37m (\$8.6m) in its eighth month interim report, at the same time as turnover advanced by only 3 per cent to Skr 2,235m (\$525m).

The figures are based on the management's current estimate.

Texas Int. lifts National stake

National stake

TEXAS INTERNATIONAL AIRLINES

said it purchased 174,200 additional National Airlines shares in open market transaction on October 17 at a cost of \$4.5m according to a Reuter report.

The exchange losses suffered in 1977 have also been avoided this year.

Balken's order intake rose by 14 per cent during the period to Skr 2.5bn, of which Skr 470m derived from foreign contracts.

ABV won several orders from East Germany. At the end of August the group order book was valued at Skr 2,285m. Liquid assets available at the end of the period totalled Skr 297m (\$66m), an increase of Skr 57m.

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COMMODITIES/Review of the week

Stockpile defeat boosts tin

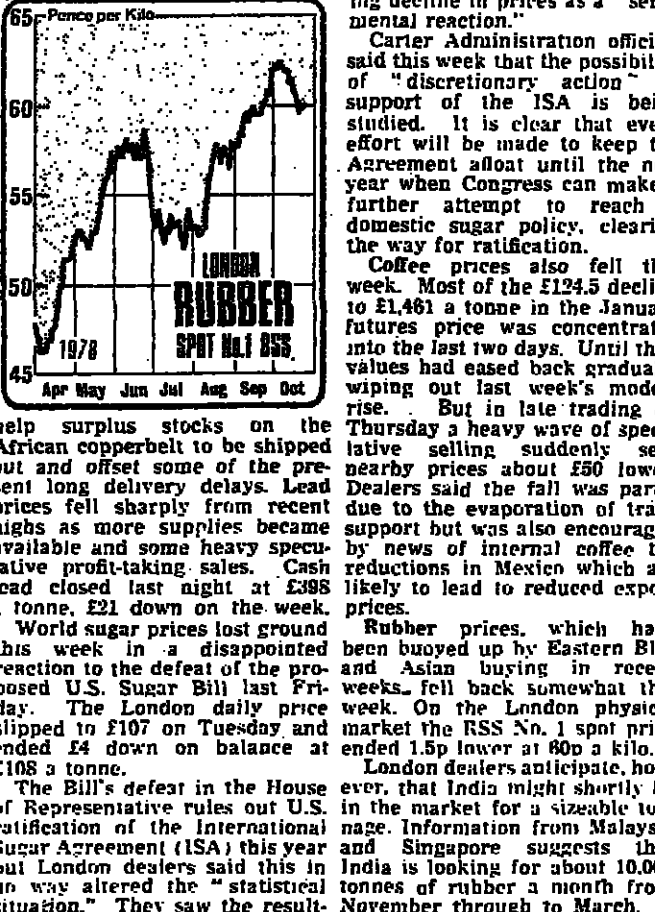
BY OUR COMMODITIES STAFF

TIN PRICES reached record levels this week, following the defeat in the U.S. Congress of legislation authorising the sale of up to 35,000 long tons from the U.S. strategic stockpile. Prices had fallen sharply at the end of last week on expectations that Congress would approve the stockpile releases. But over the weekend the Sugar Pricing Bill, to which the tin stockpile legislation was added as a rider, was defeated in Congress, was unexpectedly defeated. With Congress going into recess, this means that there will be no stockpile tin releases until at least next spring.

Feared with this sudden turnaround, and news that house stocks had fallen to the lowest level since at least the early 1960s, the market opened on Monday with gains of nearly \$500. Standard grade cash tin traded at well over \$7,900 a tonne, but subsequently eased to close at \$7,680 last night, still \$285 up on the week. The three months quotation was \$7,430 higher at \$7,352.5.

Copper was hit by some heavy selling, mainly from the U.S., where the fall in the stock market is creating uncertainty about a decline in industrial activity. Cash copper closed yesterday \$2.93 down on the week at \$737 a tonne, despite forecasts of another decline in warehouse stocks.

Zambia's move to resume exports via Rhodesia and South Africa and the plan to re-open the Benguela railway should



WEEKLY PRICE CHANGES

Commodity	Latest price	Change on week	Year ago	High	Low
Mercury	271.5	-	250	271.5	250
Antimony	1,150.00	-10.0	920.00	1,150.00	920.00
Lead	270.00	-1.0	270.00	270.00	270.00
Copper	2,930.00	-10.0	2,930.00	2,930.00	2,930.00
Aluminium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Steel	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Grain	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Oil	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Gas	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Coal	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Iron	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Gold	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Silver	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Platinum	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Palladium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Rhodium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Iridium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Osmium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Vanadium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Niobium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Tantalum	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Lead	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Copper	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Aluminium	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Steel	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Grain	2,100.00	-10.0	2,100.00	2,100.00	2,100.00
Oil	2,100.00	-10.0	2,100.00	2,100.00	2,100.00</

Something new in the woodshed

THIS month's announcement is the only solution to the underlying trading problems of the industry. They argue that the most important long-term aim is to remove the highly cyclical and speculative nature of their business through a measure of diversification, or a move into manufacturing and retailing of timber products.

The constant worry of the industry is the highly volatile nature of the timber trade, which in recent years has acquired an unprecedented degree of uncertainty. Timber companies rely heavily on imported timber. As much as 90 per cent of total deliveries is accounted for by imports; and although domestic supply is on the increase there has been little appreciable change since the beginning of the 1970s.

Buying policy

The timber companies themselves have developed from timber importing bases, with most developing into timber wholesalers. Much has depended upon the shrewdness of the individual company's timber buying policy.

Until fairly recently that meant that the timber buyer had only to assess developments in the timber market — such as the likely level of demand from its principal customer, the construction industry, which takes around 60 or 70 per cent of deliveries.

But the violent movement of exchange rates in the past few years has added a new factor to a timber buyer's assessments. As Mr. Alexander Gourvitch, chairman of Phoenix Timber, the timber groups have been pointed out in his company's annual statement, "forecasting the rate of exchange at the time of shipment is at least as important as buying right."

The timber business is basic — exploited an upturn in demand for a large up to provide a broader timber trading base. Hence the mergers also gained from a large up to provide a broader timber trading base. Hence the mergers also gained from a large up to provide a broader timber trading base. Hence the mergers also gained from a large up to provide a broader timber trading base.

When prices fall, the timber groups' turnover and margins are squeezed and large-scale stock write-offs often have to be made as timber bought at the peak of the cycle loses value. With stock values fluctuating sharply in the last few years, timber groups have been presented with another headache — relating to the financing of

the establishment of a wide spread distribution/depot network, which is equally as volatile as currencies. Timber companies which have relied on borrowing for such a system allows stocks to be shifted quickly. Travis and Arnold recently added the 28 depots which made up the building supplies division of Ellis and Everard to its existing chain of about 50 branches.

Indeed the latest bid by International Timber for Bambergers is primarily a move by International to extend its distribution network.

Although the timber groups seem anxious to get nearer their customers such a desire does not necessarily herald an invasion of the High Street.

Diversification

Those that argue against having a strong High Street presence, catering largely for the do-it-yourself market, point to the relatively higher costs of setting up and running such operations. New management techniques have to be learnt, marketing strategies devised, and the labour force has to be increased.

The advantages of a depot network, based largely on the outskirts of town centres, is that it is essentially a low-cost, high-volume sale operation requiring little in the way of overheads and selling mainly to the building trade.

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INTERIM STATEMENT

Audited results for the period 1st January to 1st July, 1978

	Period: 1st January to 1st July 1978	Period: 1st January to 2nd July 1977
Group Sales	£1,171,501	£1,110,244
Group Trading Profit	121,364	132,077
Investment and Other Interest	3,975	4,674
Group Profit before Taxation	125,339	136,751
Taxation at 52%	65,268	71,525
Group Profit after Taxation (All attributable to Taylor, Pallister & Co. Ltd.)	59,971	65,226
Interim Dividend on Ordinary Shares for the year ended 31st December, 1978	18,125	10,125
	£48,846	£55,101

Interim Dividend
The Directors have declared an Interim Dividend of 1.5p per share (6%) on the ordinary shares which is at the same rate as last time.

The dividend will be paid on the 15th December, 1978 to shareholders on the register of members at the close of business at 5.00 pm on the 13th November, 1978. Books closed all day 14th November, 1978.

A Statement by Mr. R. H. Taylor, Chairman
Sales in the first six months were £1,171,501. Profit margins were under pressure but satisfactory under present conditions. Direct exports amounted to £443,014 and represent 37.81% of group sales.

Whilst we have a satisfactory level of orders in most sections the continuing conditions in worldwide shipping indicate that it will be difficult to maintain such levels in the coming year. Subject to no unforeseen circumstances a satisfactory result for the current year is anticipated.



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We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus... and from Ulster. From keeping the peace no less than from war we limbless look to you for help.

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The experts were impressed that NEC activated its Tokyo computer from Atlanta, had Atlanta inputs processed in Tokyo with the results printed out in Atlanta. And NEC made all its own hardware — computers, phone switching systems, facsimiles, and Telephone Video Systems.

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MAN OF THE WEEK

Gospel according to St. Michael

BY DAVID CHURCHILL

ANY RETAILER who can sell to English as well as Arabians (despite an official Arab black-list in the latter's case) must be expected to produce something special in the way of profits. And this week the Marks and Spencer seemingly flawless retailing machine duly obliged: Sir Marcus Sieff, M and S chairman, announced on Wednesday half-year profits of almost £73m, up by 40 per cent over the same period last year.

For Sir Marcus the company's performance—admittedly helped



Sir Marcus Sieff
Providing calvo for money

by the current consumer boom—is once again living proof that the positive policies and philosophy adopted by Marks and Spencer are right not only for the company but also, at a higher level, for the country itself.

In the past decade Sir Marcus, who is 65, has broken away from the tradition of his predecessors and adopted a vigorous public image, outspokenly criticising particular Government policies and lambasting the attitudes and performance of trade unions and top management. Such frankness, coming as it does from a company that is so markedly successful, has not surprisingly received considerable public acclaim.

In 1974 Sir Marcus received the Management Centre Europe's first award for "an outstanding contribution to the social responsibility of business in Europe." In 1976 he was presented with the Hambro award for Businessman of the Year. And last July Sir Marcus was named by the Aims free enterprise organisation as the man who has contributed most to free enterprise.

While not everyone may agree with Sir Marcus's forthright views, there is no doubt that Marks and Spencer are currently stronger than ever in their pre-eminent position as the country's leading retailers. Only do M & S goods appeal right across all social classes and age groups, but the company also has achieved an almost unassailable reputation for value for money. It is no wonder that other retailers compete fiercely to buy sites located next door to M & S stores: they hope that to the Marks magic will rub off on them too.

Progressive

There are many reasons for M & S's outstanding success since Michael Marks and Thomas Spencer first opened their Penny Bazaar in Leeds in 1884. They include good quality, value for money, and a policy of buying British is not only patriotic but means you can keep a close watch on manufacturers—and careful store expansion within the capacity of both management and financial resources. In addition the Marks retailing philosophy does not mean that its goods are necessarily the cheapest to be found: instead the aim is to provide the best value for money and let this tell its own story.

But Sir Marcus leaves little doubt that M & S's success in the High Street for the past 40 years has been due to the company's progressive—some would say paternalistic—attitude to its staff and suppliers.

The gospel according to St. Michael is that good human relations must be fostered with all staff, manufacturers, and suppliers, as well as with customers. Apart from his proselytising activities on behalf of better human relations in both business and social affairs, Sir Marcus is also deeply committed to charitable and religious activities on behalf of the Jewish community and of Israel. It is no wonder that when an Israeli Prime Minister comes to London, it is invariably the views of Sir Marcus and others in his family that are among the first sought. Again, it is reflection on the M & S retailing success that, in spite of Sir Marcus's support for Israel, so many Middle Eastern customers still flock to Marks' stores. They usually, of course, take the St Michael label out before going home.

FINANCIAL TIMES

Saturday October 21 1978

LET THE GIN BE
HIGH & DRY!
Really Dry Gin

Evans accepts pay policy challenge

BY CHRISTIAN TYLER, LABOUR EDITOR

THE PRIME MINISTER'S challenge to the unions to supply a workable alternative to his 5 per cent pay limit—the subject of private meetings with the TUC—was taken up last night by Mr. Moss Evans, general secretary of the Transport and General Workers Union.

Mr. Evans, whose union's unremitting hostility to pay controls is the Government's biggest worry in Phase Four, set out details of the strategy that he and other TUC leaders are actively urging on the Government.

He called on the Government to go to Parliament for extra powers for the Price Commission if necessary, and to increase trade union representation on the commission.

The Government had been tackling inflation "from the wrong end," he told a meeting at Kings Lynn, Norfolk. The right strategy was to put profits accountable, force companies to absorb labour costs instead of passing them straight to the customer, and "face up to the opportunities of future markets."

"Collective bargaining with out pay norms should bring in the whole question of prices and of the contribution that employers can make to stabilising or reducing prices over the period of pay agreements."

He cited Ford Motor, where the TGWU is the dominant union involved in a month-long pay strike, as an example. Last year, pay costs per car had risen 5 per cent, but profits per car had risen more than 80 per cent.

Legislation

"Many large firms have a degree of monopoly power that has to be accountable. Price changes are the mechanism for exercising that market power, and those changes have to be subject to scrutiny and challenge."

Controls along the lines given to the Price Commission last year could do the job. "But our members have to be assured that price controls cannot be manipulated by Government as a back-door method of pay control. If the monitoring and investigative powers of the

commission were inadequate, new legislation should be introduced.

Ministers are understood to be prepared to discuss tougher price controls as part of an understanding with the TUC on the battle to keep inflation in single figures. But they seem unwilling to change the strategy as sharply as Mr. Evans suggests. John Elliott writes: The Confederation of British Industry reported last night that 87 per cent of 465,000 employees who have so far struck Phase Four pay deals have accepted the 5 per cent limit. Some have also negotiated productivity deals.

But it is too early to draw firm conclusions from this slow start to the pay round, as only 50 settlements are involved.

These include six private-sector national agreements and two by wages councils.

Of 73 claims reported, four-fifths would add more than 20 per cent to companies' wage bills and 50 per cent of them call for a reduction in the standard working week. The claims cover 1.5m employees.

Callaghan wins little in Bonn on monetary system

By Peter Riddell, Economics Correspondent

BRITISH MINISTERS have apparently failed to win any significant concessions from the West German Government on key points about how the proposed European Monetary System should operate.

Mr. James Callaghan, the Prime Minister, and Mr. Denis Healey, the Chancellor, returned from Bonn little nearer to resolution of the differences between the EEC about the scheme.

Consequently, much further work will have to be done at official and ministerial level over the next month before the heads of government meet in Brussels early in December. It was being emphasised in London yesterday that the main achievement of the talks was the mutual recognition of the basic UK position that the touchstone for UK participation—or not—in the scheme will be its implications for the anti-inflation programme.

Chancellor Schmidt and his colleagues, however, sympathised with that view.

On the more technical features of the plan, discussed by Mr. Healey and Herr Hans Matthöfer, the German Finance Minister, the realistic limits to the degree of compromise seem to have been recognised.

Deviation

In particular, West Germany looks unlikely to be shifted on the question of intervention, which is at the heart of the argument about whether there will be symmetrical obligations between stronger and weaker currencies and economies in the system.

The UK believes that if a currency deviates from the agreed range, it is measured against a "basket of currencies, there should be an automatic obligation to intervene. West Germany believes that the basket should be merely an indicator and that the main emphasis should be on the direct relationship between currencies, according to the so-called parity rule.

The means by which debts are settled is a connected matter. The Bonn talks certainly do not close the issue and there will be further discussions within the EEC, since the UK line was supported at last Monday's meeting of finance ministers by Italy, Ireland and Denmark, with a French and Belgian compromise also on the table.

The British are more hopeful about reaching agreement on the size of the credit facilities. At the finance ministers' meeting on Monday, the German side was left with the impression that German ministers might eventually not oppose a 25bn pool.

However, as the Bonn talks the British side was left with the impression that German ministers might eventually not oppose a 25bn pool.

Weather

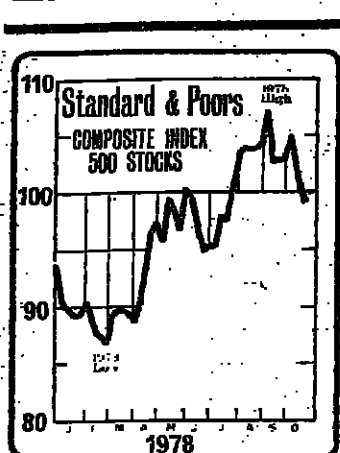
UK TODAY
Early drizzle, becoming dry with bright periods in most places.
London, E. Anglia, S. N.E., Cent. N. England, Midlands, Channel Islands, S. Wales
Early drizzle with bright periods developing. Max. 16C (61F).
N. Wales, N.W. England, Lakes
Drizzle at times with bright intervals. Max. 14C (57F).
Ireland, Scotland, Shetland Islands
Mainly cloudy, with periods of rain. Max. 15C (59F).
Outlook: Cloudy with bright intervals, and rain in the north.

BUSINESS CENTRES		HOLIDAY RESORTS	
City	Y'day	City	Y'day
Amsterdam	11.30	Madrid	13.30
Antwerp	11.30	Barcelona	12.30
Birmingham	11.30	Belfast	11.30
Bombay	11.30	Bombay	11.30
Buenos Aires	11.30	Buenos Aires	11.30
Calcutta	11.30	Calcutta	11.30
Cardiff	11.30	Cardiff	11.30
Chennai	11.30	Chennai	11.30
Colombo	11.30	Colombo	11.30
Copenhagen	11.30	Copenhagen	11.30
Dublin	11.30	Dublin	11.30
Edinburgh	11.30	Edinburgh	11.30
Geneva	11.30	Geneva	11.30
Glasgow	11.30	Glasgow	11.30
Hong Kong	11.30	Hong Kong	11.30
Jaipur	11.30	Jaipur	11.30
London	11.30	London	11.30
Manila	11.30	Manila	11.30
Mumbai	11.30	Mumbai	11.30
New York	11.30	New York	11.30
Paris	11.30	Paris	11.30
Rangoon	11.30	Rangoon	11.30
Singapore	11.30	Singapore	11.30
Tokyo	11.30	Tokyo	11.30
Yokohama	11.30	Yokohama	11.30

THE LEX COLUMN

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Wall Street

A week which began with the U.S. Administration claiming victory over the energy and tax bills, belatedly passed by Congress, ended with the dollar in more than its usual disarray—even lack-lustre sterling closed at above the \$2 level last night—while Wall Street has suffered a savage shake-out. After nibbling persistently, if unavailing, at the 900 level during the past couple of months, the Dow Jones Industrial Average lost a straight 60 points between the opening on Monday and the close yesterday. Nor have this year's fashionable second line stocks offered any protection, with the American Stock Exchange market value index slumping by around 9 per cent.

The stock market did not think very much of the eventual shape of President Carter's legislation by the time Congress had finished with it. But it has been the signs of a further twist in the interest rate spiral that have set Wall Street shivering this week. For some time traders in the U.S. financial markets have been persuading themselves that they were able to see over the interest rate hump to the blue skies beyond. Now that peak has been lost in the gathering clouds. Shocking money supply figures released on Thursday, showing for instance a \$3.8m leap in the narrow measure M1 over the week, which for the moment seems to have slowed down, but view that the Federal Reserve Board would have no alternative but to seek to push rates

higher through its open market operations. By yesterday its target rate for Federal funds was thought to have been raised to 9 per cent.

Next week, moreover, the President unveils his latest anti-inflationary package, expected to embrace voluntary wage and price guidelines. This raises the spectre of a profits squeeze with companies forced to hoard cash to finance inflationary inventory increases—a process which could only worsen the already threatened credit "crunch." The UK investment houses which encouraged the huge British demand for U.S. equities back in the spring at price levels to which the U.S. market is now returning are putting their heads down.

Costain
Richard Costain has come up with a modified version of the magic trick whereby shares in a company are exchanged for shares in a new holding company forming—key presto—a new concern with dividend freedom for two years. The price rose 20p to 252p on the news.

The novelty is the inclusion of deferred ordinary shares in the scheme of arrangement, which do not rank for dividends until "83. This is nice for high-rate taxpayers—and everyone else too, since the Treasury has agreed that even if dividend controls continue after 1983 (grim thought) Costain's payment will not have to be adjusted to take account of the increased number of ranking shares. This is because the deferred are being issued for a consideration of 100p, the existing Costain business, although in effect, of course, they are just the same as free shares.

The impact on the dividend will be substantial. This year, Costain plans to pay a dividend of 10p, which will allow it to push up its dividend by as much as two-fifths to over 20p per share. Next year, the new company will pay at least 20p per share.

Of course Costain has had to produce all kinds of convincing arguments to persuade the Treasury that the reconstruction makes sound commercial sense. It has been working on this since mid-summer, which when dividend controls were extended—an event which helped to concentrate its

BL halts £280m project

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS has halted work on the £280m programme to double output of Land Rover and Range Rover models until trade unions agree to work double shifts.

Contractors working on the first £30m phase have been called off the Solihull site in Birmingham, by Mr. Pratt Thomson, managing director of Jaguar Rover Triumph.

The management is determined to get necessary productivity assurances from the unions before work can go ahead on one of the biggest investments ever undertaken by the UK motor industry. Solihull successfully opposed company efforts last year to introduce a night shift on assembly of Rover saloons with the threat of strike action.

The new Rover management,

however, believes it must now face up to union opposition if the £280m project is to yield the expected returns.

Negotiations are continuing, and if agreement can be reached quickly, the investment freeze should cause little delay to the programme.

Approved

But time is essential to the Range Rover/Land Rover project. Competition on four-wheel drive vehicles is already coming from the U.S., Japan and Eastern European states. The main challenger to BL is seen as the vehicle designed jointly by Mercedes and Saab-Daimler-Puch.

News of the decision to withdraw contractors from Solihull for the expansion, but there is ample alternative assembly capacity available within BL.

Michael Edwards, BL chairman, said his Board had approved the project for submission to the National Enterprise Board.

The work halted includes the new assembly line for production of four-wheel drive vehicles. Some £30m had been committed before approval of the main programme to avoid delay on long lead items such as engines.

The £30m should be sufficient to ensure a 50 per cent increase in output of the Range Rover and a 10 per cent rise in production of Land Rover by next spring. The full £280m programme should double output by 1983.

The management is known to regard Solihull as the best site for the expansion, but there is ample alternative assembly capacity available within BL.

Ford deadlock may be broken

DEADLOCK IN the pay dispute at Ford Motor, where 57,000 manual workers have been on strike for a month, could be broken in the next few days, writes Christian Tyler.

The company yesterday agreed to hold "exploratory discussions" with leaders of the trade unions, a move that could lead to resumption of negotiations and efforts to call off the strike.

Developments at Ford augur well for Vauxhall, which is faced with the threat of a strike over pay in 10 days' time. About 200 of the 13,000 manual workers at Vauxhall's Luton factory demonstrated outside the gate yesterday to protest at the unions' strike call, and demanded a secret ballot instead of the meeting planned for Tuesday.

Union officials and stewards said this was an unprecedented claim that threats of violence had been uttered against the "moderates" as the usual rumour-mongering of a major dispute. But others saw the protest as a symptom of much wider dissatisfaction with the union leadership. Luton shop stewards met later, but decided there was no reason to change their plans for a mass meeting.

Ghastly mess

The breakthrough at Ford came when Sir Francis Beckett, chairman, related to a letter from Mr. Reg Birch, secretary of the union negotiators. He wrote: "I can assure you that the company is ready to enter into exploratory discussions at any time." A date should be set.

Mr. Birch, a senior executive member of the Amalgamated

Union of Engineering Workers, had written to the company on Thursday asking for a meeting "to discover a way through what can only be described as a ghastly mess."

The meeting is likely to involve only the three senior union negotiators and a similar number from the company. The company will try to find out on what terms the full negotiating committee, which includes leading stewards from all its UK plants, is ready to resume bargaining. The unions

will want to know if Ford is sticking to its decision not to re-open negotiations until the strike is called off.

Ford's last offer, in straight breach of the Government's 5 per cent limit, was to raise pay by 8 per cent. It is also ready to pay a larger extra sum for efficient working, but says no reduction line speed-ups or manning changes would be involved. The unions have claimed a 27 per cent pay rise, plus a 35-hour week and other benefits.

Tyre 'fault' pact may cost Firestone \$200m

BY JOHN WYLES

NEW YORK, Oct. 20.

FIRESTONE Tire and Rubber Company's trouble over its allegedly defective "500" steel-belted radial tyre reached its climax today with an agreed settlement with the Carter Administration that might cost the company more than \$200m before taxes.

But the company has avoided an \$800,000 fine and a compulsory recall that might have involved replacing all the 13m tyres thought to be still in use, at much greater potential cost.

However, Firestone has set up a \$300m reserve to cover the cost of the more limited settlement, which will be charged against its earnings in the fourth quarter, ending this month. The company's losses for 1978 may consequently exceed \$100m.

Owners of the 7.5m "500" tyres sold between March 1975 and January 1, 1977, will receive

letters offering Firestone's latest "721" radial in free replacement. Owners of "500s" purchased before March, 1975, will be offered a 721 at 90 per cent discount on a new "721".

It is the largest Government-induced tyre recall and may be one of the most costly such settlements involving any motor industry manufacturer. The ultimate cost will depend on owner response.

The company has lost sales because of the controversy, which has brought allegations of deaths and injuries caused by tyre failures.

Consumer groups alleged that in today's agreement the Government had been improperly lenient. Firestone maintains that any defects in the tyre resulted from customer misuse.

After today's announcement Firestone's shares were trading at \$12½, down 1.

Plessey merger plan rejected

BY MAX WILKINSON

INTERNATIONAL Telephone and Telegraph has rejected proposals for a merger between its UK subsidiary, Standard Telephones and Cables, and Plessey.

International Telephone said in New York that it had recently evaluated plans for a merger between Standard Telephones and Plessey, but concluded that it was not in the interests of ITT shareholders.

The proposal emerged from talks between the National Enterprise Board, the Government and the three telecommunications equipment manufacturers, STC, Plessey and General Electric.

The Government wants to bring about a rationalisation of the industry to enable it to compete better in world markets when the Post Office's computer controlled exchange equipment is developed in the 1980s. After rejection for proposals

for nationalisation of the industry, discussions centred on a merger of the telecommunications interests of Standard Telephones and Plessey.

The British Government had the precedent of the French Government's rationalisation of its industry when ITT was persuaded to devolve control of a major subsidiary to French ownership.

Yesterday's statement from New York said: "ITT is not interested in a merger of STC or our major British subsidiary, with Plessey. The suggestion of such a merger was reviewed and evaluated recently and was found to be definitely not in the interests of ITT shareholders."

"STC has been a part of the British telecommunications industry for over 80 years as a leading exporter, and any advantage of a merger of STC and

Plessey to the industry is not discernible to ITT."

In spite of the rejection, discussions are continuing in an attempt to find a way in which the industry could be rationalised to meet the demands of the 1980s.

The Government can exert strong leverage on Standard Telephones, because the Post Office is by far its most important customer for exchange equipment. On the other hand, the Post Office is dependent on STC's expertise for the development of important parts of its new system X computer controlled exchanges.

STC also developed the TTX4 exchange, which is the only electronic system being ordered for general use by the Post Office. The company is a world leader in the supply of undersea cables and associated equipment, which is an important source of exports for the U.K.

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